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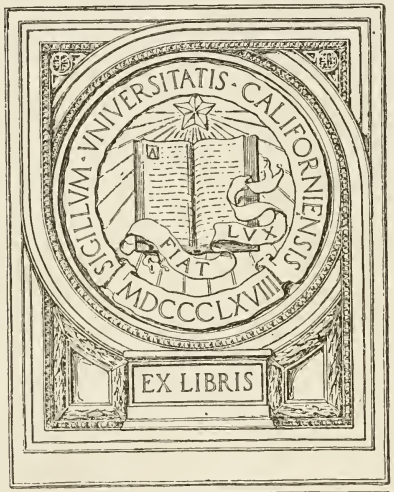


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House No. 1400

# REPORT

OF THE

# COMMISSION

ON

# OLD AGE PENSIONS, ANNUITIES AND INSURANCE.

JANUARY, 1910.

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# The Commonwealth of Massachusetts.

BOSTON, January 15, 1910.

*To the General Court of Massachusetts.*

In accordance with the provisions of chapter 127 of the Resolves of 1907, and of subsequent resolves, we have the honor to transmit the following report.

452389

## MEMBERS OF THE COMMISSION.

MAGNUS W. ALEXANDER, *Chairman.*
JAMES T. BUCKLEY.
MRS. M. R. HODDER.
ARTHUR M. HUDDELL.
WALTER G. CHASE.

F. SPENCER BALDWIN, *Executive Secretary.*

# RESOLVES.

Chapter 127, Resolves of 1907.

Resolve to provide for an Investigation and Report relative to the Adoption of a System of Old Age Insurance and Pensions.

*Resolved,* That the governor, with the advice and consent of the council, is hereby authorized and requested to appoint a commission consisting of five persons, citizens of the commonwealth, one of whom he shall designate as chairman, to investigate and consider the various systems of old age insurance or old age pensions, or annuities, proposed or in operation in this commonwealth or elsewhere, and report upon the advisability of establishing an old age insurance or pension system in the commonwealth. Said commission shall report also statistics showing the probable expense to the commonwealth of the various systems considered, and of any system that they may recommend for adoption, together with any bills or other suggestions for legislation relating to this subject that they may deem wise. At least one of said commissioners shall be a prominent representative of employers, and at least one of said commissioners shall be a prominent representative of employees. Said commissioners shall serve without pay and shall not be authorized to travel outside of the commonwealth, but they may incur such expense for assistance or otherwise as may be allowed by the governor and council. The commission shall report the result of its investigations to the general court on or before the fifteenth day of January in the year nineteen hundred and nine, together with such drafts or bills, if any, as may be necessary to carry its recommendations into effect. The total expense to be incurred under the provisions of this resolve shall not exceed twenty-five hundred dollars.

[Introduced in the House January 14, 1907, by Representative Bernard J. Ferber; approved June 26, 1907.]

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Chapter 131, Resolves of 1908.

Resolve to provide for the Expenses of the Commission on Old Age Insurance and Pensions.

*Resolved,* That there be allowed and paid out of the treasury of the commonwealth a sum not exceeding fifteen thousand dollars, to

be expended by the commission appointed by chapter one hundred and twenty-seven of the resolves of the year nineteen hundred and seven, to investigate and report upon systems of old age insurance and pensions, in carrying out the investigations prescribed by the said chapter.

*(The foregoing was laid before the Lieutenant Governor, Acting Governor, on the fourth day of June, 1908, and after five days it had "the force of a law", as prescribed by the constitution, as it was not returned by him with his objections thereto within that time.)*

---

Chapter 1, Resolves of 1909.

Resolve extending the Time for the Final Report of the Commission appointed to investigate the Various Systems of Old Age Insurance, Pensions and Annuities.

*Resolved*, That the commission which was appointed under authorization of chapter one hundred and twenty-seven of the resolves of the year nineteen hundred and seven, to investigate and consider the various systems of old age insurance or old age pensions, or annuities, proposed or in operation in this commonwealth, or elsewhere, and report upon the advisability of establishing an old age insurance or pension system in this commonwealth, is hereby continued, and the time within which the commission shall present its final report is hereby extended to the fifteenth day of January, nineteen hundred and ten. [*Approved January 18, 1909.*

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# REPORT OF THE MASSACHUSETTS COMMISSION ON OLD AGE PENSIONS, ANNUITIES AND INSURANCE.

## I.

## INTRODUCTORY STATEMENT.

### 1. Appointment of Commission.

The Massachusetts Commission on Old Age Pensions, Annuities and Insurance was established by chapter 127 of the Resolves of 1907, which was approved June 26, 1907. In accordance with its provisions, His Excellency the Governor, Curtis Guild, Jr., appointed the following persons as members of the commission: Edward S. Bradford of Springfield, chairman, James T. Buckley of Marlborough, Mrs. M. R. Hodder of Boston, Arthur M. Huddell of Boston, and James R. Prendergast of Boston. On November 26 Mr. Prendergast resigned, and Walter G. Chase of Boston was appointed to fill the vacancy. On December 23 Mr. Bradford resigned. This vacancy was not filled until June 30, 1908, when Magnus W. Alexander of Lynn was appointed as chairman of the commission.

During the first year of the commission's existence the scope of its work was necessarily restricted by the small amount of the appropriation placed at its disposal. In June, 1908, the passage of a resolve appropriating an additional sum of $15,000 for the use of the commission (chapter 131, Resolves of 1908) enabled it to proceed thoroughly with the investigation. The grant of this appropriation made it possible to employ an investigator to conduct the comprehensive inquiry called for by the instructions of the commission. For this purpose F. Spencer Baldwin was engaged, and later was

made executive secretary of the commission. As the additional appropriation did not become available until June, 1908, the commission found it necessary to ask the General Court, in January, 1909, to extend the term of the commission for one year, in order that the investigation might be completed and the results reported in an adequate manner. This extension of time was granted by a resolve (chapter 1, Resolves of 1909), which provided that the final report of the commission should be presented not later than January 15, 1910, instead of January 15, 1909, as fixed in the original resolve.

In a preliminary report, submitted to the General Court at the last session, the commission explained the plan of investigation that had been adopted and presented a brief account of old age pension and insurance systems in foreign countries and of retirement systems established by American railroad and industrial corporations. The investigation has now been finished according to the plan outlined and the results are submitted in this report.

The commission has held seventy-six meetings and has given eight public hearings, as follows: Boston, February 26, 1908; Boston, April 6, 1908; Pittsfield, October 8, 1908; Springfield, October 15, 1908; Fall River, March 29, 1909; Worcester, April 30, 1909; Lowell, June 3, 1909; Boston, September 30, 1909. The total attendance at the hearings was about 600.

Of the $17,500 appropriated by the General Court for the use of the commission, $16,045.28 has been expended, leaving in the treasury a balance of $1,445.72.[1]

The commission desires to make appreciative acknowledgment of valuable assistance received from many sources. Especial thanks are due to representatives of the United States diplomatic and consular service in foreign cities; to officials of the national government and the State governments in this country; to the heads of various governmental departments of this Commonwealth; to the superintendents of the State

[1] This was the balance standing to the credit of the commission January 15, 1910, when its term expired. A few bills incurred, but not yet paid, will reduce this balance slightly.

Infirmary and the State Farm; to overseers of the poor and superintendents of almshouses in cities and towns of the Commonwealth; to the mayors of cities in this Commonwealth and in other States; to the secretaries of the Associated Charities of Boston, Cambridge and other cities in Massachusetts; and to many others who have given the commission courteous aid in furthering the progress of its work.

The commission, furthermore, desires to express its high appreciation of the work of the secretary, F. Spencer Baldwin.

## 2. Plan of Investigation.

The instructions of the commission call for investigation of three general questions: —

1. What are the various systems of old age insurance, pensions or annuities proposed or adopted in this Commonwealth or elsewhere?

2. Is it advisable to establish a system of old age insurance, pensions or annuities in this Commonwealth?

3. As a special phase of the preceding question, what would it cost to take such action?

The first question demands an inquiry into the various plans of old age insurance, pensions or annuities that have been proposed or tried in modern States. After such information has been obtained, the second question then requires a consideration of the expediency and economy of introducing one of these schemes or any other plan in Massachusetts. In order to answer this question intelligently, it is necessary to ascertain the facts as to the number and condition of the aged population of this State, in particular, the facts regarding pauperism and dependency among the aged. The question of the advisability of adopting a pension, insurance or annuity system cannot be determined by a mere consideration of the advantages and disadvantages, the benefits and drawbacks of the plan in general. The scheme must be judged with reference to the concrete conditions in this Commonwealth in particular. It is necessary to ascertain how many persons must be provided for, how much must be expended, and what need there may be for

adopting the scheme, as shown by the present condition of the aged population. In this connection the cost of operating the various plans must be determined, as called for in answer to the third question. It is necessary to determine not only how many persons would be entitled to participate and what the expense would be of providing for them in the proposed manner, but also what the present cost is of maintaining the dependent part of this population under existing methods of poor relief, and what saving, if any, in such expenditure might be expected to result from the adoption of the plan.

The facts needed to throw light on these questions are, in brief: the number of persons of pensionable age; the number of such persons in correctional institutions and in hospitals and almshouses for the insane; the number of such persons cared for in public pauper and private benevolent institutions during one year, and the amount of expenditure; the number of such persons not dependent upon public or private charity, who would be entitled, however, by reason of their poverty, to share in the benefits of any pension plan. These facts are fundamental to a consideration of the desirability and practicability of establishing in Massachusetts any one of the general schemes of pension, insurance or annuity which have been adopted or advocated elsewhere. In every branch of the inquiry, the condition of the aged population, financial, industrial and social, must be studied, with a view to determining the need of any pension system and the probable effect of suggested measures upon the condition of the aged population.

## II.

## STATISTICAL STUDY OF AGED POOR IN MASSACHUSETTS.

### 1. Scope and Method of Investigation.

The object of this investigation was to assemble certain concrete facts that have been indicated as fundamental to an intelligent consideration of the advisability of adopting a pension scheme in this State.[1] The general nature of the facts called for has already been set forth. It was necessary to institute an independent statistical investigation, in order to obtain the required information. The only needed fact that could be definitely established from existing statistics was the total number of persons of pensionable age in the State; that is, 65 years of age and over, or 70 years of age and over. The further facts regarding the percentages of the pensionable population in institutions of various classes, in receipt of relief of different kinds, and so on, had to be gathered by independent inquiry.

The investigation involved a partial census of the aged population of the State. The age limit of 65 years was selected as the dividing line for this purpose; that is, only persons of 65 years of age and over were enumerated. The age of 65 is the one fixed as the pensionable age in most schemes. In Great Britain and Germany, however, the higher age of 70 years is taken as the minimum. In this investigation, accordingly, a separate count was made for the population of 70 years of age and over, with a view to determining the number of the pensionable population at this age, as well as at the lower age of 65 years, and the respective cost of providing pensions at the two age limits.

[1] For the sake of brevity, the words "pension scheme" are used here and later in the report, instead of the longer phrase "old age pension, insurance or annuity scheme."

Studied from the point of view of the objects of this investigation, the population of 65 years of age and over falls into the following divisions: —

1. Inmates of correctional institutions.
2. Inmates of hospitals and asylums for the insane.
3. Inmates of almshouses.
4. Inmates of benevolent homes.
5. Recipients of public outdoor relief.
6. Recipients of private outdoor relief.
7. Recipients of State and military aid, soldiers' relief and federal pensions.
8. Non-dependent aged, including persons who have never received aid from outside sources, public or private.

The information concerning these classes of the aged population which is presented in this report has been gathered in part through returns made by officers of institutions and societies in reply to inquiries by the commission, and in part by agents of the commission through personal visits to institutions, societies and individuals.

The investigation of the aged institutional population, including inmates of correctional, pauper and benevolent institutions, was extended over a period of twelve months, September 1, 1908, to September 1, 1909.[1] The number of inmates on September 1, 1908, 65 years of age and over, the number admitted during the succeeding twelve months, and the number of inmates deceased, discharged or transferred during the year, were duly enumerated. It was necessary to extend the investigation over a twelve-month period, in order to determine the full extent and movement of this population. A mere day count gives only a partial indication of the burden imposed by this dependent class, and affords an inadequate basis for calculating the scope and the cost of any pension scheme. It is essential to know not only how many persons might come under the provisions of a pension scheme

[1] September 1, 1908, was selected as the earliest date on which the statistical investigation could be started. The appropriation which made this investigation possible was not voted until June, 1908. The engagement of a chief investigator and the formulation of a definite plan of investigation required several weeks. It was not possible therefore, to begin the statistical enumeration before September 1.

at any date, but how many persons must be provided for during an entire year.

It is obvious that an investigation of this scope covering a study of the aged population during an entire year could not be made absolutely complete and accurate in all its details. Great care, however, has been taken to make the enumeration comprehensive on the one hand, and to exclude duplications on the other hand. Repeated visits have been made by agents of the commission to cities and towns, in order to obtain full returns. It is believed that the census of the aged population in almshouses and benevolent homes is reasonably complete. Doubtless some cases of aged persons in receipt of public relief outside of institutions have escaped the enumerators. The enumeration of aged recipients of private outdoor relief is only partial, for reasons that are later explained. The same statement holds true of the enumeration of aged recipients of State aid, military aid and soldiers' relief, and of the non-dependent aged.

1. The statistics of aged inmates of correctional institutions have been compiled partly from the records in the office of the State Board of Prison Commissioners, and partly from returns obtained through agents of the commission. The statistics cover the fourteen county jails and the four State penal institutions that have aged inmates, namely, Charlestown, Bridgewater, Rutland and Sherborn. The jail population was not studied in detail, as regards the industrial and financial records of the inmates, as this class does not fall strictly within the scope of the present investigation. It is clear that the members of the criminal class would still have to be maintained in institutions, even if a pension system were adopted. They are, moreover, debarred from the receipt of a pension under most pension schemes that have been proposed or adopted. In estimating the scope, cost and need of any pension scheme, the prison population may therefore be eliminated from detailed consideration.

2. The statistics of aged inmates of insane asylums and hospitals were furnished by the superintendents of the fourteen institutions. This class of the pensionable population

was treated in the same manner as the jail population. The insane fall outside the province of this investigation, strictly defined, for the same reason that has been explained in connection with the jail population. Consequently, the inmates of institutions for the insane were not investigated, further than to determine the numbers in the age groups under consideration.

3. The aged almshouse population, including inmates of the two State institutions, the State Farm at Bridgewater and the State Infirmary at Tewksbury, and inmates of the 192 local almshouses of cities and towns, was enumerated by means of card schedules which were filled out by officers of the institutions and agents of the commission. The form of schedule used for this purpose called for detailed information concerning the industrial and financial records of the aged inmates, particularly such facts as would throw light on the causes of dependency, and the possibility of providing for these persons outside of institutions by a pension scheme.

4. The aged population in benevolent homes, including inmates of 84 institutions maintained by private charity, was investigated by the same method as that pursued in the study of the almshouse class. Only permanent homes were included in this canvass. Twenty temporary homes open to adults were visited by agents of the commission, but it was discovered that the percentage of persons 65 years of age and over who were cared for in this class of institution was so small as to be practically negligible. The persons found in these homes were, with very few exceptions, below the pensionable age. The form of schedule used in this case differed slightly from the almshouse schedule, as the inmates of benevolent homes are not in the pauper class, and consequently are in different circumstances from the almshouse population. So far as possible, returns were obtained through the officers of institutions, but agents were sent to secure further data whenever that was necessary.

5. The aged recipients of public outdoor relief, including persons partially supported by the State, the city or the town, outside of institutions, were enumerated through the assist-

ance of overseers of the poor. The form of schedule used for this class was somewhat different from that employed for the institutional population. The instructions to enumerators called for a return for every person 65 years of age and over given poor relief by State, city or town during the twelve months September 1, 1908, to September 1, 1909. No attempt was made to make a separate " day count " and " year count," as in the case of the institutional population. That was impracticable, for several reasons. The enumeration of all persons 65 years of age and over aided by the city, town or State on a given date, and the later enumeration of all additions and withdrawals during the next twelve months, would have required innumerable house-to-house visits in each city and town in the State, and would have entailed an enormous expense. Indeed, to trace all deaths and removals accurately would be well-nigh impossible, even with a large permanent staff of field agents. There are no available official records which give full information. The attempt to make such a separate year count would, under the circumstances, have resulted in much repetition and duplication of the returns, which could not later have been deducted and eliminated. For these reasons, the persons aided during the course of the year were enumerated in one class, without further discrimination as to new cases, deaths, removals and the like.

6. The aged recipients of private outdoor relief, including persons aided by charitable agencies of all kinds outside of institutions, were studied by means of the same schedule as that used in the case of the public outdoor poor. The assistance of officers and agents of charitable societies was obtained in securing returns for this class. It was impossible, however, to make a complete census of the aged beneficiaries of private charity. The obstacles in the way of an enumeration of all the members of this class were found to be insuperable. In the first place, many officers of societies were naturally reluctant to furnish information concerning beneficiaries, or even to give the addresses of the latter to agents of the commission. The relation between the society and the

beneficiary was regarded as confidential, and the request for detailed information concerning individual cases was often refused, for this reason. Furthermore, it was not practicable to follow up each individual case, even when addresses could be obtained, without the expenditure of a disproportionate amount of time, effort and money. In this part of the investigation, therefore, a sufficient number of cases to be representative of the condition of the aged private outdoor poor was enumerated, namely, 444 cases, and the total number and the expense of this class of the dependent population throughout the State were estimated.

7. The aged recipients of State aid, military aid, soldiers' relief and United States pensions were covered in part only, as in the case of the preceding class of private outdoor poor. Here again certain difficulties rendered complete enumeration of this division of the aged population impracticable. The total number of this class in the State exceeds 25,000. It was possible, however, without undertaking the expensive task of making a complete census, to determine from available records the approximate number of beneficiaries of this class 65 years of age and over, and the amount of aid given. A representative number of cases, 1,645, was enumerated on the schedules by agents of the commission.

8. The class of aged non-dependents, including persons 65 years of age and over not assisted by public or private charity, was treated by the same method as that adopted in the case of the private outdoor poor and the beneficiaries of military relief. A complete census of this class would require a house-to-house canvass of the State. The number actually enumerated in the investigation was 3,746. The schedule used for this class was more detailed than those used in other divisions of the investigation, the additional questions being designed to bring out pertinent facts regarding the present financial and industrial circumstances of the non-dependent aged. The particular portion of this class that is of chief interest in an investigation of this character is the group just above the dependency line, but below the poverty line. It is important to estimate the size and the composition of this

group, for in it are found the persons who have the strongest claim to pensions, if these are to be granted at all, namely: the deserving aged poor, those who through no real fault of their own find themselves in want in their old age. This group of the aged deserving poor, by reason of its indeterminate boundaries, is obviously most difficult to measure statistically.

2. Classified Statistics of Aged Population.

The size of the institutional population of various classes is best indicated by the net totals for the year covered by the investigation. Accordingly, the figures for the four classes of institutional inmates in the following table are net totals. These totals include the number of inmates present September 1, 1908, and the number of persons admitted during the following twelve months, exclusive of transfers and readmissions. It is clear that the latter should be omitted in estimating the real extent of the institutional population for the year, since their inclusion would mean duplication of the returns. The net totals thus obtained show in each case the number of individuals who are cared for in institutions at least during a part of the year. This number is the best index of the real size of the institutional population.

The figure for the total population 65 years of age and over, 177,000, is the estimated population of that age for the year 1910. The estimate is obtained by taking the population 65 years of age and over, as given by the State census returns for 1905, which is in round figures 162,000, and adding for each year to 1910 the average annual increase of this class of the population during the preceding decade, which was approximately 3,000. The figure for the total population of 70 years of age and over, 105,000, is obtained by the same method of estimate, on the basis of the 1905 return of approximately 96,000 persons in this age class, with an addition of 1,800 for the annual increase in each year to 1910.

The totals for recipients of State and military aid and soldiers' relief are represented in the totals of the United States

pensioners given immediately below, as most persons who receive State aid, military aid and soldiers' relief are also United States pensioners. Accordingly, the two totals for State and military aid and for soldiers' relief are not included in calculating the number of persons in the eighth class, that of non-dependent aged.

AGED POPULATION BY CLASSES.

| | 65 and Over. | 70 and Over. |
|---|---|---|
| 1. In correctional institutions, | 556 | 179 |
| 2. In insane asylums and hospitals, | 1,961 | 1,148 |
| 3. In almshouses, | 3,480 | 2,204 |
| 4. In benevolent homes, | 2,598 | 1,960 |
| 5. Recipients of public outdoor relief, | 3,075 | 2,082 |
| 6. Recipients of private outdoor relief, | 2,312 | 1,550 |
| 7. (a) Recipients of State and military aid, | 10,888 | 6,164 |
| (b) Recipients of soldiers' relief, | 4,767 | 2,699 |
| (c) United States pensioners, | 27,230 | 15,417 |
| 8. Non dependent aged (including all not classed in preceding seven groups). | 135,788 [1] | 80,460 [1] |
| Total, | 177,000 | 105,000 |

[1] These numbers are obtained by subtracting the corresponding totals of the first seven classes, exclusive of the recipients of State and military aid and soldiers' relief, from the total number of persons 65 years of age and over and 70 years of age and over, namely: 177,000 and 105,000, respectively.

The following tables show by counties the extent and the movement of the institutional population of various classes, and of the aged poor, both institutional and non-institutional, for the year September 1, 1908, to September 1, 1909: —

## Aged Inmates of Correctional Institutions.

| | Inmates Sept. 1, 1908. | | Committed Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Commitments for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers and Duplicates. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| *County Jails.* | | | | | | | | | | | | |
| Barnstable, | – | – | – | 2 | – | 2 | – | 1 | – | 2 | – | 1 |
| Berkshire, | – | 1 | 4 | 13 | 4 | 14 | 4 | 14 | 4 | 14 | – | – |
| Bristol, | 1 | 4 | 16 | 35 | 17 | 39 | 15 | 34 | 15 | 34 | 2 | 5 |
| Dukes, | – | – | – | – | – | – | – | – | – | – | – | – |
| Essex, | – | 2 | 18 | 60 | 18 | 62 | 15 | 54 | 16 | 53 | 3 | 8 |
| Franklin, | – | 1 | 2 | 7 | 2 | 8 | 2 | 8 | 2 | 7 | – | – |
| Hampden, | 2 | 4 | 11 | 34 | 13 | 38 | 12 | 35 | 13 | 37 | 1 | 3 |
| Hampshire, | – | – | 2 | 4 | 2 | 4 | 2 | 3 | 2 | 4 | – | 1 |
| Middlesex, | – | 5 | 13 | 34 | 13 | 39 | 12 | 33 | 11 | 37 | 1 | 6 |
| Nantucket, | – | – | – | – | – | – | – | – | – | – | – | – |
| Norfolk, | – | 1 | – | 1 | – | 2 | – | 2 | – | 2 | – | – |
| Plymouth, | 1 | 1 | 5 | 7 | 6 | 8 | 6 | 8 | 6 | 8 | – | – |
| Suffolk, | 9 | 29 | 50 | 203 | 59 | 232 | 57 | 220 | 42 | 178 | 2 | 12 |
| Worcester, | – | 1 | 9 | 18 | 9 | 19 | 8 | 18 | 8 | 18 | 1 | 1 |
| Total for county jails, | 13 | 49 | 130 | 418 | 143 | 467 | 133 | 430 | 119 | 394 | 10 | 37 |
| *State Institutions.* | | | | | | | | | | | | |
| Rutland, | – | – | – | 1 | – | 1 | – | 1 | – | – | – | – |
| Sherborn, | – | 1 | – | 1 | – | 2 | – | 1 | – | 2 | – | 1 |
| State Farm, | 33 | 63 | 45 | 134 | 78 | 197 | 30 | 79 | 52 | 136 | 48 | 118 |
| State Prison, | 8 | 22 | – | 4 | 8 | 26 | – | 2 | 8 | 24 | 8 | 24 |
| Total for State, | 54 | 135 | 175 | 558 | 229 | 693 | 163 | 513 | 179 | 556 | 66 | 180 |

## Aged Inmates of Insane Asylums and Hospitals, 1908–09.

| Institutions. | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers and Duplicates. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Boston State Hospital, | 106 | 160 | 44 | 59 | 150 | 219 | 55 | 75 | 143 | 207 | 95 | 144 |
| Danvers State Hospital, | 98 | 179 | 57 | 90 | 155 | 269 | 50 | 84 | 149 | 257 | 105 | 185 |
| Foxborough State Hospital, | 20 | 36 | 4 | 9 | 24 | 45 | 1 | 4 | 20[1] | 36[1] | 23 | 41 |
| Gardner State Colony for the Insane, | 5 | 17 | – | – | 5 | 17 | – | 1 | 5 | 17 | 5 | 16 |
| Monson State Hospital, | 13 | 22 | 4 | 5 | 17 | 27 | 4 | 5 | 16 | 26 | 13 | 22 |
| McLean Hospital, | 34 | 53 | 7 | 9 | 41 | 62 | 8 | 12 | 41 | 62 | 33 | 50 |
| Medfield State Asylum, | 110 | 207 | 6 | 20 | 116 | 227 | 23 | 60 | 116 | 226 | 93 | 167 |
| Northampton State Hospital, | 96 | 161 | 30 | 44 | 126 | 205 | 32 | 47 | 124 | 196 | 94 | 158 |
| State Farm, Asylum department, | 11 | 18 | – | 2 | 11 | 20 | 1 | 4 | 11 | 20 | 10 | 16 |
| State Infirmary, Tewksbury, | 35 | 62 | 19 | 33 | 54 | 95 | 23 | 36 | 54 | 95 | 31 | 59 |
| Taunton State Hospital, | 94 | 168 | 33 | 84 | 127 | 252 | 43 | 77 | 115 | 230 | 84 | 175 |
| Westborough State Hospital, | 71 | 107 | 47 | 68 | 118 | 175 | 43 | 58 | 115 | 172 | 75 | 117 |
| Worcester State Asylum, | 75 | 159 | 10 | 18 | 85 | 177 | 7 | 9 | 84 | 176 | 78 | 168 |
| Worcester State Hospital, | 111 | 180 | 47 | 67 | 158 | 247 | 50 | 80 | 155 | 241 | 108 | 167 |
| Total, | 879 | 1,529 | 308 | 508 | 1,187 | 2,037 | 340 | 552 | 1,148 | 1,961 | 847 | 1,485 |

[1] Admissions during the year are not included in these net totals, as no persons are admitted to Foxborough except by transfer from other institutions.

## Aged Inmates of Almshouses, 1908–09.

| | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers and Duplicates. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Barnstable, | 17 | 25 | 2 | 3 | 19 | 28 | 1 | 1 | 19 | 28 | 18 | 27 |
| Berkshire, | 46 | 56 | 9 | 16 | 55 | 72 | 6 | 9 | 55 | 72 | 49 | 63 |
| Bristol, | 140 | 210 | 30 | 63 | 170 | 273 | 48 | 74 | 170 | 273 | 122 | 199 |
| Dukes, | – | – | – | – | – | – | – | – | – | – | – | – |
| Essex, | 224 | 323 | 84 | 112 | 308 | 435 | 66 | 89 | 308 | 435 | 242 | 346 |
| Franklin, | 23 | 24 | 2 | 5 | 25 | 29 | 2 | 3 | 25 | 29 | 23 | 26 |
| Hampden, | 109 | 167 | 47 | 83 | 156 | 250 | 41 | 66 | 156 | 248 | 115 | 184 |
| Hampshire, | 24 | 26 | 10 | 13 | 34 | 39 | 6 | 9 | 34 | 39 | 28 | 30 |
| Middlesex, | 297 | 440 | 93 | 165 | 390 | 605 | 97 | 159 | 388 | 598 | 293 | 446 |
| Nantucket, | 6 | 8 | – | – | 6 | 8 | 2 | 3 | 6 | 8 | 4 | 5 |
| Norfolk, | 76 | 104 | 12 | 19 | 88 | 123 | 19 | 24 | 88 | 123 | 69 | 99 |
| Plymouth, | 59 | 74 | 9 | 11 | 68 | 85 | 5 | 8 | 67 | 84 | 63 | 77 |
| Suffolk, | 200 | 340 | 109 | 181 | 309 | 521 | 118 | 195 | 304 | 516 | 191 | 326 |
| Worcester, | 218 | 301 | 29 | 46 | 247 | 347 | 30 | 45 | 247 | 347 | 217 | 302 |
| Total for counties, | 1,439 | 2,098 | 436 | 717 | 1,875 | 2,815 | 441 | 685 | 1,867 | 2,800 | 1,434 | 2,130 |
| State Farm, | 66 | 116 | 62 | 132 | 128 | 248 | 21 | 61 | 95 | 194 | 107 | 187 |
| State Infirmary, | 104 | 173 | 141 | 321 | 245 | 494 | 173 | 337 | 242 | 486 | 72 | 157 |
| Total for State, | 1,609 | 2,387 | 639 | 1,170 | 2,248 | 3,557 | 635 | 1,083 | 2,204 | 3,480 | 1,613 | 2,474 |

## Aged Inmates of Benevolent Homes, 1908-09.

| Counties. | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers and Duplicates. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Barnstable, | – | – | – | – | – | – | – | – | – | – | – | – |
| Berkshire, | 20 | 24 | 2 | 3 | 22 | 27 | 3 | 3 | 22 | 27 | 19 | 24 |
| Bristol, | 45 | 52 | 8 | 10 | 53 | 62 | 6 | 6 | 53 | 62 | 47 | 56 |
| Dukes, | – | – | – | – | – | – | – | – | – | – | – | – |
| Essex, | 172 | 194 | 16 | 21 | 188 | 215 | 17 | 18 | 188 | 215 | 171 | 197 |
| Franklin, | – | – | – | – | – | – | – | – | – | – | – | – |
| Hampden, | 67 | 81 | 27 | 33 | 94 | 114 | 11 | 12 | 94 | 114 | 83 | 102 |
| Hampshire, | 6 | 7 | 2 | 2 | 8 | 9 | – | – | 8 | 9 | 8 | 9 |
| Middlesex, | 395 | 518 | 88 | 106 | 483 | 624 | 100 | 101 | 483 | 624 | 383 | 523 |
| Nantucket, | – | – | – | – | – | – | – | – | – | – | – | – |
| Norfolk, | 43 | 57 | 9 | 15 | 52 | 72 | 7 | 7 | 52 | 72 | 45 | 65 |
| Plymouth, | 21 | 22 | 5 | 6 | 26 | 28 | 4 | 4 | 26 | 28 | 22 | 24 |
| Suffolk, | 637 | 896 | 130 | 215 | 767 | 1,111 | 179 | 217 | 767 | 1,111 | 588 | 894 |
| Worcester, | 208 | 248 | 59 | 88 | 267 | 336 | 19 | 24 | 267 | 336 | 248 | 312 |
| Total, | 1,614 | 2,099 | 346 | 499 | 1,960 | 2,598 | 346 | 392 | 1,960 | 2,598 | 1,614 | 2,206 |

## Aged Poor in Massachusetts, 1908–09. — Summary by Counties.

| | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Barnstable, | 8 | 17 | 25 | 1 | 2 | 3 | 9 | 19 | 28 | – | 1 | 1 | 9 | 18 | 27 | 24 | 61 | 85 |
| Berkshire, | 10 | 46 | 56 | 7 | 9 | 16 | 17 | 55 | 72 | 3 | 6 | 9 | 14 | 49 | 63 | 34 | 91 | 125 |
| Bristol, | 70 | 140 | 210 | 33 | 30 | 63 | 103 | 170 | 273 | 26 | 48 | 74 | 77 | 122 | 199 | 71 | 135 | 206 |
| Dukes, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5 | 5 | 10 |
| Essex, | 99 | 224 | 323 | 28 | 84 | 112 | 127 | 308 | 435 | 23 | 66 | 89 | 104 | 242 | 346 | 179 | 361 | 540 |
| Franklin, | 1 | 23 | 24 | 3 | 2 | 5 | 4 | 25 | 29 | 1 | 2 | 3 | 3 | 23 | 26 | 28 | 36 | 64 |
| Hampden, | 58 | 109 | 167 | 36 | 47 | 83 | 94 | 156 | 250 | 25 | 41 | 66 | 69 | 115 | 184 | 61 | 107 | 168 |
| Hampshire, | 2 | 24 | 26 | 3 | 10 | 13 | 5 | 34 | 39 | 3 | 6 | 9 | 2 | 28 | 30 | 20 | 38 | 58 |
| Middlesex, | 143 | 297 | 440 | 72 | 93 | 165 | 215 | 390 | 605 | 62 | 97 | 159 | 153 | 293 | 446 | 158 | 308 | 466 |
| Nantucket, | 2 | 6 | 8 | – | – | – | 2 | 6 | 8 | 1 | 2 | 3 | 1 | 4 | 5 | – | 2 | 2 |
| Norfolk, | 28 | 76 | 104 | 7 | 12 | 19 | 35 | 88 | 123 | 5 | 19 | 24 | 30 | 69 | 99 | 44 | 95 | 139 |
| Plymouth, | 15 | 59 | 74 | 2 | 9 | 11 | 17 | 68 | 85 | 3 | 5 | 8 | 14 | 63 | 77 | 57 | 139 | 196 |
| Suffolk, | 140 | 200 | 340 | 72 | 109 | 181 | 212 | 309 | 521 | 77 | 118 | 195 | 135 | 191 | 326 | 273 | 597 | 870 |
| Worcester, | 83 | 218 | 301 | 17 | 29 | 46 | 100 | 247 | 347 | 15 | 30 | 45 | 85 | 217 | 302 | 39 | 107 | 146 |
| Total for counties, | 659 | 1,439 | 2,098 | 281 | 436 | 717 | 940 | 1,875 | 2,815 | 244 | 441 | 685 | 696 | 1,434 | 2,130 | 993 | 2,082 | 3,075 |
| | 50 | 66 | 116 | 70 | 62 | 132 | 120 | 128 | 248 | 40 | 21 | 61 | 80 | 107 | 187 | – | – | – |
| State Farm, | | | | | | | | | | | | | | | | | | |
| State Infirmary, | 69 | 104 | 173 | 180 | 141 | 321 | 249 | 245 | 494 | 164 | 173 | 337 | 85 | 72 | 157 | – | – | – |
| Total for State, | 778 | 1,609 | 2,387 | 531 | 639 | 1,170 | 1,309 | 2,248 | 3,557 | 448 | 635 | 1,083 | 861 | 1,613 | 2,474 | 993 | 2,082 | 3,075 |

AGED POOR IN MASSACHUSETTS, 1908–09. — SUMMARY BY COUNTIES — Concluded.

| | In Benevolent Homes. | | | | | | | | | | | | | | | Outdoor Relief by Private Charity[1] for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Barnstable, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Berkshire, | 4 | 20 | 24 | 1 | 2 | 3 | 5 | 22 | 27 | – | 3 | 3 | 5 | 19 | 24 | – | – | – |
| Bristol, | 7 | 45 | 52 | 2 | 8 | 10 | 9 | 53 | 62 | – | 6 | 6 | 9 | 47 | 56 | 18 | 74 | 92 |
| Dukes, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Essex, | 22 | 172 | 194 | 5 | 6 | 21 | 27 | 188 | 215 | 1 | 17 | 18 | 26 | 171 | 197 | 11 | 71 | 82 |
| Franklin, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hampden, | 14 | 67 | 81 | 6 | 27 | 33 | 20 | 94 | 114 | 1 | 11 | 12 | 19 | 83 | 102 | 31 | 100 | 131 |
| Hampshire, | 1 | 6 | 7 | – | 2 | 2 | 1 | 8 | 9 | – | – | – | 1 | 8 | 9 | 6 | 7 | 13 |
| Middlesex, | 123 | 395 | 518 | 18 | 88 | 106 | 141 | 483 | 624 | 1 | 100 | 101 | 140 | 383 | 523 | 15 | 46 | 61 |
| Nantucket, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Norfolk, | 14 | 43 | 57 | 6 | 9 | 15 | 20 | 52 | 72 | – | 7 | 7 | 20 | 45 | 65 | 2 | 10 | 12 |
| Plymouth, | 1 | 21 | 22 | 1 | 5 | 6 | 2 | 26 | 28 | – | 4 | 4 | 2 | 22 | 24 | – | 2 | 2 |
| Suffolk, | 259 | 637 | 896 | 85 | 130 | 215 | 344 | 767 | 1,111 | 38 | 179 | 217 | 306 | 588 | 894 | 11 | 14 | 25 |
| Worcester, | 40 | 208 | 248 | 29 | 59 | 88 | 69 | 267 | 336 | 5 | 19 | 24 | 64 | 248 | 312 | 5 | 21 | 26 |
| Total for counties, | 485 | 1,614 | 2,099 | 153 | 346 | 499 | 638 | 1,960 | 2,598 | 46 | 346 | 392 | 592 | 1,614 | 2,206 | 99 | 345 | 444 |
| State Farm, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| State Infirmary, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total for State, | 485 | 1,614 | 2,099 | 153 | 346 | 499 | 638 | 1,960 | 2,598 | 46 | 346 | 392 | 592 | 1,614 | 2,206 | 99 | 345 | 444 |

[1] The figures for outdoor relief by private charity are not complete; they show only the number of this class of aged dependent actually enumerated in this investigation. For discussion of this class and estimate of the total number, see p. 33.

3. Expenditures for Relief of Aged Population.

The expenditures for the relief of the aged population in Massachusetts may be classified under six main divisions, namely: first, for the support of almshouses; second, for the maintenance of benevolent homes; third, for public outdoor relief; fourth, for private outdoor relief; fifth, for State and military aid and soldiers' relief; sixth, finally, account should be taken of the amount expended in this State for the payment of federal pensions, although this is an expenditure of the national government, and not of the State government or of private charity within the State. The following table shows the numbers of persons relieved and the amounts expended in the various classes: —

Expenditures for Relief of Aged Population, 65 Years of Age and Over.

| | Number 65 and Over. | Amount of Expenditure. | Number 70 and Over. | Amount of Expenditure. |
|---|---|---|---|---|
| In almshouses, | 3,480 | $693,076 80 | 2,204 | $438,948 64 |
| In benevolent homes, | 2,598 | 783,556 80 | 1,960 | 591,136 00 |
| Public outdoor relief, | 3,075 | 189,900 00 | 2,082 | 108,264 00 |
| Private outdoor relief, | 2,312 | 320,998 08 | 1,550 | 215,202 00 |
| State and military aid, | 10,888 | 602,650 80 | 6,164 | 341,177 40 |
| Soldiers' relief, | 4,767 | 286,053 61 | 2,699 | 161,956 82 |
| United States pensions, | 27,230 | 4,192,875 00 | 15,417 | 2,373,909 00 |
| Total, | 38,695 [1] | $7,069,111 09 | 23,213 [1] | $4,230,593 86 |

[1] The totals for State and military aid and soldiers' relief are not included, since they are represented in the total for United States pensions.

These various forms of relief hardly require detailed explanation, with the possible exception of the fifth, — State aid, military aid and soldiers' relief. The expenditures for almshouses and for public outdoor relief are borne by the cities and towns and the State, the latter maintaining two pauper institutions with aged inmates, the State Farm at Bridgewater and the State Infirmary at Tewksbury, and contributing toward the partial support of outdoor poor who have no settlement in a city or town. The expenditures for

benevolent homes and for private outdoor relief are borne by charitable societies and organizations. The nature of State aid, military aid and soldiers' relief, the three forms of relief provided by law for veterans and their dependents, is less familiar.

The conditions for the grant of State aid are, in brief:[1] The applicant shall be a *bona fide* resident of the city or town, and "shall be in such needy circumstances as to require assistance." The following classes are eligible under these conditions: (1) invalid pensioners who served in the army or the navy during the civil war or the Spanish war; (2) dependent relatives of men who served in either of the two wars, and who died in the service, or later after honorable discharge; (3) dependent wives, widows and widows' mothers of men reported as missing, captured or believed to be dead; (4) dependent fathers and mothers of the class of persons formerly qualified for State aid prior to the amendment of the law in 1867; (5) women who served three months as regular army nurses. The amount of aid is limited to three-quarters of the pension, or $6 per month for class 1; to $4 per month for classes 2, 3, 4 and 5.

Military aid is granted to the following classes of persons: (1) veterans of the civil and the Spanish wars who have a settlement in the city or town, are "poor and indigent, and by reason of sickness or other physical disability in such need as would entitle to relief under the pauper laws", and are not in receipt of other State or military aid or pension, nor eligible to admission to a soldiers' or sailors' home; (2) invalid pensioners with a settlement in the city or the town, entitled to State aid, whose pension and State aid combined are inadequate for their relief, and who "would otherwise receive relief under the pauper laws"; (3) persons having all the qualifications under class 1 except settlement, and who have been residents of the Commonwealth three years; (4) persons having the qualifications under class 2 except settlement, and who have been residents of the Commonwealth for

[1] See chapter 79, Revised Laws of Massachusetts, for provisions relating to State aid, and also to military aid and soldiers' relief.

three years. No provision is laid down as to the amount of military aid.

There are further provisions which apply both to State and to military aid. No person shall receive both State and military aid at the same time. Neither State nor military aid shall be paid to "any person able to support himself", who is in receipt of income or owns property sufficient for his support; and such aid shall be paid only to an amount sufficient, with other resources, for the recipient's relief or support.

The State reimburses cities and towns for the entire amount of State aid and of military aid granted to persons of the third and fourth classes, and for one-half of the amount of military aid granted to persons of the first and second classes.

Soldiers' relief is granted to veterans of the civil war who have a regular settlement in the city or town, and are "poor and entirely or partially unable to provide maintenance for themselves and dependents, on account of disability incurred through other cause than their own criminal or wilful misconduct." Such persons shall receive relief in such amount as may be necessary. Soldiers' relief is also granted to the dependent survivors of persons eligible for its receipt. The entire amount of soldiers' relief is paid by the city or the town.

1. The number of persons 65 years of age and over who were cared for in almshouses during the year September 1, 1908, to September 1, 1909, as enumerated in this investigation, was 3,480. This number is the net total of the almshouse population for the year; that is, it includes all inmates on September 1, 1908, and all persons admitted during the twelve months following, exclusive of cases of transfer and readmission. The average weekly per capita cost of maintenance in the almshouses is estimated as $3.83. This estimate is based on the figure of $3.06, given as the average weekly cost per capita of almshouse support in the report of the State Board of Charity for 1909, with an additional per capita amount of 77 cents, representing an allowance of 5 per

cent. for interest and depreciation on the capital invested in almshouse plants. The total cost of maintaining the 3,480 almshouse inmates 65 years of age and over, at $3.83 per capita, as thus estimated, was $693,076.80.

The number of inmates 70 years of age and over was 2,204; the total cost of maintenance was $438,948.64.

2. The number of persons 65 years of age and over supported in benevolent institutions maintained by private charity during the year September 1, 1908, to September 1, 1909, was 2,598. This figure is the net total of the population in benevolent homes, as obtained by the same method as that followed in enumerating the almshouse population. The average weekly per capita cost of maintenance in benevolent homes was $5.80, including an allowance of 5 per cent. on the capital invested in the institutions. The total cost of supporting the 2,598 inmates, at $5.80 per capita, was $783,556.80.

The number of inmates 70 years of age and over was 1,960; the total cost of maintenance was $591,136.

3. The number of persons 65 years of age and over who received public outdoor relief from State, city or town during the year September 1, 1908, to September 1, 1909, as enumerated in the investigation, was 3,075. The average weekly per capita amount of such relief is given in the report of the State Board of Charity for 1909 as $1. On the basis of that figure, the total expenditure for public outdoor relief of persons 65 years of age and over during the year was $189,900. This amount does not include an allowance for the cost of administration.

The number of persons 70 years of age and over who received public outdoor relief during the year was 2,082; the total amount expended on this class was $108,264.

It may be noted here that the number of aged persons given public relief outside of institutions is less than that of the aged almshouse inmates. The net total of the almshouse population 65 years of age and over is 3,480, while the number of the non-institutional public poor is 3,075. In the general pauper population the persons partially supported

outside of institutions greatly outnumber the almshouse inmates. The reason for the comparatively small number of aged persons in the non-institutional group is doubtless to be found in the fact that old men and women who are given public relief are usually of necessity sent to the almshouse. Comparatively less aid in the home is given to the aged than to the younger dependents on public relief. Thus the aged institutional paupers outnumber the aged outdoor poor.

4. The number of persons 65 years of age and over who received private outdoor relief, through charitable institutions and organizations, during the year September 1, 1908, to September 1, 1909, is estimated at 2,312. This estimate is obtained on the basis of the assumption that the number of persons receiving private outdoor relief bears the same ratio to the number of persons cared for in benevolent institutions that the number of recipients of public outdoor relief bears to the number of inmates of almshouses. It was impossible, for reasons elsewhere stated, to make a complete enumeration of all persons receiving aid in their homes through agencies of private charity. The persons receiving public outdoor relief, however, were enumerated fully, as were the inmates of pauper and benevolent institutions. From these data an estimate could be made of the number of persons 65 years of age and over in receipt of private outdoor relief. The average per capita amount expended weekly in private outdoor relief was $2.67, as shown by the returns for 444 cases enumerated in this investigation. The total amount expended during the year for the relief of the 2,312 persons 65 years of age and over, at $2.67 per capita, was $320,998.08.

The number of persons 70 years of age and over who received private outdoor relief was 1,550; the total amount of such relief was $215,202.

5. The number of persons 65 years of age and over who received State and military aid in 1908 is estimated at 10,888. This estimate is based on an investigation of 1,000 cases of State and military aid in the cities and an equal number in the towns, through the records in the cities and the records in the office of the Commissioner of State

Aid and Pensions at the State House. It was found that 68 per cent. of the cases investigated were 65 years of age and over. The total number of persons reported by the commissioner as receiving State and military aid in 1908 was 16,012. If 68 per cent. of the number were 65 years of age and over, the total number of persons of that age class would be 10,888, as stated. The average per capita amount of State and military aid is $55.35. The total amount of State and military aid granted to the 10,888 beneficiaries 65 years of age and over, at $55.35 per capita, was $602,650.80.

The number of persons 70 years of age and over who received State and military aid, estimated in a similar manner, was 6,164; the total amount of aid granted to this class was $341,177.40.

The number of persons 65 years of age and over given soldiers' relief in 1908 is estimated at 4,767; the amount of such aid at $286,053.61.

The number of persons 70 years of age and over given soldiers' relief is estimated at 2,699; the amount of such aid at $161,956.82.

These figures were obtained by estimates from the amounts of expenditures for State aid, military aid and soldiers' relief given in the report on the cost of municipal government in Massachusetts, issued by the Bureau of Statistics, 1908. The amount expended for soldiers' relief by the cities and towns was calculated from the figures given in this report as $420,667.08. If the percentage of persons 65 years of age and over among the recipients of soldiers' relief be the same as that among the beneficiaries of State and military aid, namely, 68 per cent., then $286,053.61 may be taken as representing the proportion of the total expenditure on soldiers' relief that goes to persons 65 years of age and over. The average per capita amount given for soldiers' relief may be safely assumed to be not greater than $5 a month, or $60 a year; for the average per capita expenditure for State and military aid is only $55.35. On the basis of an average yearly per capita expenditure of $60, the number of persons

65 years of age and over among whom the $286,053.61 was distributed would be 4,767, as given above. The figures for the number of beneficiaries of soldiers' relief 70 years of age and over and the amount expended on this class were estimated in a similar manner.

6. The number of federal pensioners 65 years of age and over in Massachusetts is estimated at 27,230; the amount paid to this class in pensions at $4,192,875.

The number of pensioners 70 years of age and over is estimated at 15,417; the amount paid to this class in pensions at $2,373,909.

These figures were obtained by estimate from the returns of the number of pensioners in the State and the amount paid in pensions furnished by the United States Commissioner of Pensions. The total number of federal pensioners in Massachusetts in 1908 was 40,044. The total amount paid these pensioners was $6,166,127.63. This shows an average yearly per capita payment of $153.98. If the percentage of persons 65 years of age and over be the same in the case of the federal pensioners as in the case of the recipients of State and military aid, namely, 68 per cent., then the number of pensioners 65 years of age and over may be figured at 27,230, as stated above. The total pension expenditure for this class, at the rate of $153.98 per capita, may be estimated at $4,192,875. The figures for the number of pensioners 70 years of age and over and the pension expenditure for this class were estimated in a similar manner.

### 4. Aged Almshouse Population.

Figures of the extent and movement of the aged almshouse population during the year covered by this investigation have already been given. The number of inmates 65 years of age and over September 1, 1908, was 2,387; the number of admissions during the next twelve months was 1,170; the number of deaths, discharges and transfers was 1,083; the number of inmates remaining September 1, 1909, was 2,474. The gross total of all admissions during the twelve months was 3,557; the net total of the almshouse population for the year,

including all inmates at the beginning of the year and all persons admitted during the twelve months, exclusive of transfers and other duplications, was 3,480. The number of admissions was about 33 per cent. of the gross total; the number of deaths, discharges and transfers was about 30 per cent. of the latter; the net increase during the year amounted to 3.6 per cent.

The statistics of almshouse pauperism in the United States given in a special report of the United States Census Bureau, published in 1904, afford a basis for some interesting comparisons with the facts as to the extent, movement and social condition of the aged almshouse population gathered in this investigation.[1]

*Number and Extent.* — The number of almshouse inmates 65 years of age and over on September 1, 1909, namely, 2,474, represents approximately 25 per cent. of the total almshouse population in this State. The corresponding proportion for the United States as a whole is 33 per cent., according to the census returns. The percentage of persons 65 years of age and over is considerably larger in the indoor pauper class than in the general population. In Massachusetts less than 6 per cent. of the general population is 65 years of age and over. This contrast emphasizes the fact that institutional pauperism is very largely an incident or accompaniment of old age.

The yearly movement of the aged pauper population, as shown by the relative number of admissions, and of deaths, discharges and transfers during twelve months, is less extensive than that of the pauper population in general. The census report gives the percentage of admissions to the entire number of inmates in almshouses in this State during the year 1904 as 59, and the percentage of deaths, discharges and transfers as 57. These figures are nearly double the corresponding percentages for the almshouse population 65 years of age and over, as previously stated, namely, 33 and 30 respectively. This means that the aged portion of the almshouse population is more permanent, or less mobile, than

[1] See "Special Report on Paupers in Almshouses," United States Census Bureau 1904.

are the indoor paupers in general. The yearly ebb and flow of the almshouse population is less marked in the case of the aged than in the case of the entire class. This greater stability is a condition that might naturally be expected in the case of the aged almshouse inmates.

*Age at Admission.* — The great majority of the aged inmates entered the institution late in life. Less than 1 per cent. of those for whom the age at entrance was stated in the returns became inmates before the age of 40; only 8 per cent. entered before the age of 60; thus 92 per cent. had passed the sixtieth year before they took up residence in the almshouse. The percentages of admissions after the years of 40 and of 60 are not so high for the almshouse population of the United States, being 69 and 40.5 respectively. The strikingly high proportion of persons entering pauper institutions late in life points to the close connection between old age and institutional pauperism. It is clear that such pauperism is in most cases the result of the infirmity of advancing years, rather than of the misfortunes of earlier years. The table on p. 43 shows the numbers and the percentages of the aged institutional population admitted at different ages, the figures for benevolent homes being added, for the purpose of comparison with those for the almshouses.

*Sex and Conjugal Condition.* — In the classification of aged almshouse inmates according to sex, the striking fact is the heavy preponderance of males. The percentages are: Males, 61.4 per cent.; females, 38.6 per cent. The corresponding percentages in the pauper population of the United States are 64 per cent. and 36 per cent. respectively. In the total population of Massachusetts the division by sex is: males, 48.7 per cent.; females, 51.3 per cent. It thus appears that the male element of the population contributes a disproportionate share of institutional paupers. This may be due to the fact that aged women are more largely provided for by private charity than are aged men. The percentages of men and of women among the aged inmates of benevolent homes are 30.6 per cent. and 69.4 per cent. respectively, or approximately the reverse of the almshouse proportion.

In respect to conjugal condition, the high percentage of widowed is significant. The figures are: single, 25.4 per cent.; married, 15.4 per cent.; widowed, 57.8 per cent.; divorced, 1.4 per cent. The figures for the marital condition of paupers given in the United States census report also show a heavy proportion of widowed, as follows: single, 52.1 per cent.; married, 16 per cent.; widowed, 27.8 per cent.; divorced, 1.3 per cent.; unknown, 2.8 per cent. For the general population of this State the percentages are: single, 55.54 per cent.; married, 37.76 per cent.; widowed, 6.36 per cent.; divorced, .26 per cent.; unknown, .08 per cent. It is evident that widowhood is an important factor in aged pauperism.

*Length of Residence in Massachusetts.* — The number of aged almshouse inmates who have lived in the State less than five years is very small, representing only 1 per cent. of the total number 65 years of age and over. On the other hand, 83.6 per cent. have been residents of the State for thirty years or more. In the almshouse population of the United States the proportion of inmates with five years' residence or less is 2.3 per cent. The percentage of persons in the total population of this State who have lived here five years or less is 25.17 per cent. It thus appears that recent immigrants do not furnish any considerable number of recruits for the aged almshouse population.

*Family Connections.* — The returns show that about one-half of the aged inmates of almshouses had adult children or other near relatives living at the time of entrance; but only a very small percentage have adult children or other near relatives able to assist them at the present time, namely, 7.7. This fact throws much light on the possibility of diminishing the almshouse population by establishing a pension system. It is evident that aged inmates having no children or relatives with whom they could live would not, as a rule, be enabled by the grant of small pensions to leave the almshouses. The table on p. 43 shows the family connections of aged inmates of almshouses, in comparison with aged inmates of benevolent homes.

*Country of Birth and Parentage.* — The foreign-born constitute a much higher percentage of the aged pauper population than of the general population. The percentage of foreign-born among the almshouse inmates 65 years of age and over is 66.5; in the entire population of the State it is 30.6; and in the United States it is only 15.3. In the total almshouse population of the State the foreign-born make up 53 per cent. Only 13 per cent. of the native-born among the aged almshouse inmates were born in this State; whereas the percentage of Massachusetts-born in the total native-born population of the State is 80. It is thus manifest that the great bulk of aged pauperism in the Commonwealth is imported rather than home-grown.

As regards the country of birth of the foreign-born, Ireland leads, with 70.5 per cent.; Canada and England and Wales stand second and third, with 11.4 per cent. and 9.1 per cent. respectively; France, Italy, Russia, Poland, Hungary and Bulgaria have each less than 1 per cent. In the State at large the leading nationalities rank the same: Ireland leading, with 25.7 per cent.; Canada following, with 12.9 per cent.; and England coming third, with 9.1 per cent. In the general population of the United States the leading nationalities represented in the foreign-born are: Germany, with 25.8 per cent.; Ireland, with 15.6 per cent.; Canada, with 11.4 per cent. In the total pauper population of Massachusetts, the representation of nationalities among the foreign-born stands practically as it does in the aged almshouse population: Ireland leading, with 53.9 per cent.; Canada following, with 16.1 per cent.; and England and Wales coming third, with 11.2 per cent. The striking fact in these statistics is the high percentage of foreign-born paupers furnished by Ireland.

Among the native-born aged pauper population the proportion of persons of foreign parentage is not high, being only 11.8 per cent. of the total native-born.

The percentage of naturalized voters among the foreign-born males is 70.1 for the aged almshouse inmates, as compared with 41.6 for the general population.

*Physical Condition and Earning Power.* — The number of

aged almshouse inmates having physical defects is large, as one would naturally expect. The total percentage of defectives is 93.8. Of the particular defects enumerated, the following show the highest percentages: aged and infirm, 29.2 per cent. of the total number having physical defects of some kind; chronic diseases, 25.8 per cent.; rheumatic, 18.2 per cent.; crippled, maimed or deformed, 14 per cent.; feeble-minded, 8.4 per cent. In the total pauper population of the United States the feeble-minded show the highest percentage among the physical defectives, constituting 20.2 per cent. of all the paupers enumerated. The aged and infirm come next, with 17.4 per cent.; followed by the crippled, maimed or deformed, with 13.6 per cent.; the insane, with 10.3 per cent.; and the rheumatic, with 5.8 per cent. The small percentages of feeble-minded and insane among the aged paupers in this State are due to the fact that provisions have been made for these classes in special institutions, whereas in many other States they are cared for in the almshouses. It is obvious that the physical defects of the aged pauper population may have been acquired in large part after admission into the institutions; consequently, these percentages do not show the precise causes of pauperism. A more definite indication on this point is afforded by the percentages showing the causes of loss or impairment of earning power.

In respect to the present earning power of aged almshouse inmates, 79.1 per cent. of those for whom information was furnished were returned as wholly incapacitated for labor; 8.4 per cent. as partially incapacitated; 12.5 per cent. as able-bodied. In the case of those whose earning power had been lost or impaired, sickness was assigned as a cause by 71.6 per cent.; age and infirmity, by 32.2 per cent.; accident by 15.4 per cent. The percentage of able-bodied in the entire pauper population of the country as given in the census returns is nearly identical with that for the aged pauper population of this State, namely, 11.7. The extremely small percentage of able-bodied among the aged paupers is a highly significant fact, and points to the practical impossibility of removing any considerable proportion of this population from

the institutions through the establishment of a pension system.

*Occupations and Wages in Early Life.* — The returns show no great preponderance of any particular class of occupations. Manufacturing and mechanical pursuits rank first, with 33.7 per cent. of the persons from whom returns were obtained; housekeeping and domestic service follow, with 22.6 per cent.; and common labor stands third, with 14.5 per cent. The other occupations yield only small percentages. In the pauper population of the United States the laboring and servant class furnishes the largest percentage, namely, 47.8; agriculture, transportation and other outdoor pursuits come second, with 23.7; and manufacturing and mechanical pursuits third, with 19.

The usual weekly earnings are given as $5 or less in 20.4 per cent. of the number of cases for which information could be obtained. The division according to higher wage groups is as follows: $5 to $10, 36 per cent.; $10 to $15, 29 per cent.; $15 to $20, 10.1 per cent.; over $20, 4.5 per cent. It thus appears that 56.4 per cent. of the aged paupers earned $10 or less weekly in early life. The returns for last earnings before admission naturally show some decline of the proportions in the higher wage groups. The percentage with earnings of only $10 or less increased to 71.9 per cent. The division according to wage groups stood: $5 or less, 32.6 per cent.; $5 to $10, 39.3 per cent.; $10 to $15, 22 per cent.; $15 to $20, 4.5 per cent.; over $20, 1.6 per cent.

*Property Holdings and Losses in Early Life.* — The number of aged almshouse inmates who had property above debts at some time in life is naturally small, representing only 27.4 per cent. of the total. Of those holding property, the amount owned was $500 or less in 30.2 per cent. of the cases; $500 to $1,000, 24.8 per cent.; and over $1,000, 45 per cent. The number of property holders who sustained losses amounted to 97.4 per cent. of the total owning property at some time. The causes of loss are given as: extra expenses for sickness or other emergency, 64.9 per cent.; business failure and bad investment, 16.7 per cent.; intemperance and extravagance, 9.3

per cent.; fraud, 6.2 per cent.; fire, 2.9 per cent. The high percentage on account of sickness and other emergency is notable.

*Comparative Pauperism in Massachusetts and Great Britain.* — A comparison of the extent of almshouse pauperism in this State and in Great Britain discloses a striking difference. The average number of almshouse inmates in Massachusetts during the year 1908 may be placed at 9,456. In England and Wales the total indoor pauper population numbers 300,617. The number of indoor paupers per 1,000 of the population is 2.9 in Massachusetts, as against 8.5 in England and Wales. The number of almshouse inmates 65 years of age and over in Massachusetts September 1, 1909, was 2,474. In the United Kingdom the number of indoor paupers 65 years of age and over as enumerated in 1901 was 93,425. The number per 1,000 of the population of the same age was 14.2 in Massachusetts and 46 in the United Kingdom. The table on p. 44 extends this comparison to include the total pauper population as well as the indoor poor.

## Age at Admission.[1]

| | Total. | Under 40 Years. | Per Cent. | 40 to 44 Years. | Per Cent. | 45 to 49 Years. | Per Cent. | 50 to 54 Years. | Per Cent. | 55 to 59 Years. | Per Cent. | 60 to 64 Years. | Per Cent. | 65 to 70 Years. | Per Cent. | Over 70 Years. | Per Cent. | Not stated. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Aged inmates of almshouses, | 3,480 | 32 | .9 | 19 | .6 | 24 | .7 | 55 | 1.6 | 142 | 4.2 | 451 | 13.2 | 1,156 | 33.9 | 1,528 | 44.9 | 73 |
| Aged inmates of benevolent homes, | 2,598 | 3 | .2 | – | – | 1 | – | 11 | .6 | 76 | 3.8 | 243 | 12.3 | 580 | 29.4 | 1,057 | 53.8 | 627 |

[1] The percentages in this table and all those that follow are based on the number of cases for which information was obtained, not on the total number of persons enumerated. The numbers of unknown or "not stated" have been excluded, on the assumption that if the information could have been obtained these cases would have distributed themselves among the various groups practically in the same proportion as the known cases.

## Family Connections.

| | Having Adult Children living at Time of Entrance. | | | | | Having Other Near Relatives living at Time of Entrance. | | | | Having Adult Children or Near Relatives able to Aid at Present. | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total. | Yes. | Per Cent. | No. | Per Cent. | Not Stated. | Yes. | Per Cent. | No. | Per Cent. | Not Stated. | Yes. | Per Cent. | No. | Per Cent. | Not Stated. |
| Aged inmates of almshouses, | 3,480 | 1,404 | 43.7 | 1,806 | 56.3 | 270 | 1,615 | 52.9 | 1,439 | 47.1 | 426 | 246 | 7.7 | 2,965 | 92.3 | 269 |
| Aged inmates of benevolent homes, | 2,598 | 663 | 39.4 | 1,021 | 60.6 | 914 | 973 | 64.2 | 543 | 35.8 | 1,082 | 189 | 13.2 | 1,247 | 86.8 | 1,162 |

COMPARATIVE PAUPERISM IN GREAT BRITAIN AND MASSACHUSETTS.

| | Total Paupers. | Per 1,000 Population. | Indoor Paupers. | Per 1,000 Population. | Paupers 65 and Over. | Per 1,000 Population Same Age. | Indoor Paupers 65 and Over. | Per 1,000 Population Same Age. | Total Paupers. | 65 and Over. | Per Cent. 65 and Over. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| United Kingdom,[1] . . . . . | 1,002,218 | 24.2 | 300,617[2] | 8.5 | 352,751 | 172.0 | 93,425 | 46.0 | 1,002,218 | 352,751 | 35.0 |
| Massachusetts, . . . . . | 27,307[3] | 8.5[4] | 9,456[5] | 2.9[4] | 5,549[6] | 31.7 | 2,474 | 14.2 | 27,307 | 5,549 | 20.3 |

[1] Tables which have been prepared in connection with the question of old age pensions by the British Local Government Board, 1907, p. 49.

[2] This figure is for England and Wales only.

[3] The total, 27,307, includes the average number of paupers in the State Farm and Infirmary, and in city and town almshouses and other institutions, exclusive of insane asylums, and the average number of persons partially supported by State, city or town, as given in the report of the State Board of Charity for 1909, pp. 157 and 159.

[4] These percentages are based on an estimated population of 3,203,000 in 1909.

[5] The total, 9,456, includes the average number of paupers in the State Farm and Infirmary, and in city and town almshouses and other institutions, exclusive of insane asylums, as given in the report of the State Board of Charity for 1909, pp. 157 and 159.

[6] This total includes 2,474 inmates of almshouses, September 1, 1909, and 3,075 persons given outdoor relief during the year September 1, 1908, to September 1, 1909.

### 5. Non-dependent Aged Poor.

At the opposite economic extreme of the almshouse population is the class of non-dependent aged poor. The line between the dependent and the non-dependent poor cannot be drawn sharply. It is not to be understood that no person who has received any outside assistance whatever has been included in this class of non-dependent aged poor. Occasional aid from relatives, friends or neighbors, or even from a church, society or settlement, has not been considered to constitute dependency in the proper sense. Only assistance received through the regular channels of charity, public and private, has been taken into account in determining the inclusion of a doubtful case in the non-dependent class. The instructions concerning the schedule for non-dependent aged given to agents of the commission stated: —

> It is to be used for persons of either sex 65 years of age and over who are not dependent on charity, but who would be entitled to share in the benefits of any system of old age pensions. The class of the aged population which it is designed to cover by this inquiry includes aged members of the working class who stand above the line of dependency, outside the ranks of the pauper class and charity beneficiaries, yet who are in modest or needy circumstances.

The number of persons enumerated in this division of the investigation was 3,746, living in more than 100 cities and towns in ten counties of the State. The purpose of this partial census was to obtain a fair representation of the condition of that part of the aged population which stands on the margin of dependency. The figures throw light on the resources of the self-supporting aged poor in this Commonwealth.

The chief subject of interest in a study of this class of the aged population is its economic condition, as shown by incomes and expenditures. In this investigation attempt was made to obtain figures of weekly incomes and sources of income, and of weekly expenditures and objects of expenditure. In tabulating the returns the non-dependent population was divided into four classes, in order to give a more definite indi-

cation of the adequacy of the incomes, namely: first, individual males; second, individual females; third, couples; fourth, families of three or more members. It is obvious that the adequacy of an income of a given amount depends, in the first instance, on the number of persons who must be supported from it; consequently, the income figures were tabulated separately for individuals of each sex, for groups of two, and for families. The figures for weekly incomes are shown in the table on the opposite page.

The striking fact shown by this table is the large percentage of individuals having incomes below $5 weekly, namely, 39.3 for men, 79 for women. On the other hand, the percentage of couples and families having incomes of $10 and over weekly is surprisingly large, namely, 60.6 for the former, 82.6 for the latter. It is further noticeable that the percentages of those with incomes derived from savings and from pensions are much larger in the case of couples and families than in the case of individuals. Of the couples, 55.3 per cent. have incomes from savings and 19.5 per cent. from pensions; for the families, the corresponding percentages are 58.7 and 32.3, respectively. For individual females the percentages drop to 44 with incomes from savings, and only 9.4 from pensions; and for individual males, to 36.1 and 15.5 respectively. The couples and families are clearly better provided for than are the individual males and females. As one would expect, the individuals show a higher percentage of cases receiving aid from relatives than do couples and families, the percentages standing 36.1 for males and 57 for females.

## Weekly Incomes of Non-dependent Aged Poor.

| | Weekly Incomes. | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total. | Under $5. | Per Cent. | $5. | Per Cent. | $6. | Per Cent. | $7. | Per Cent. | $8. | Per Cent. | $9. | Per Cent. | $10 and Over. | Per Cent. |
| Individual males, | 730 | 252 | 39.3 | 59 | 9.2 | 47 | 7.4 | 52 | 8.1 | 45 | 7.0 | 51 | 8.0 | 136 | 21.0 |
| Individual females, | 1,031 | 574 | 79.0 | 71 | 9.7 | 34 | 4.7 | 14 | 1.9 | 10 | 1.4 | 7 | 1.0 | 17 | 2.3 |
| Couples, | 1,362 | – | – | 30 | 2.6 | 86 | 7.4 | 79 | 6.8 | 123 | 10.5 | 141 | 12.1 | 707 | 60.6 |
| Families, | 201 | – | – | 4 | 2.2 | 5 | 2.7 | 5 | 2.7 | 5 | 2.7 | 13 | 7.1 | 152 | 82.6 |

## Weekly Incomes of Non-dependent Aged Poor—Concluded.

| | Amount not stated.[1] | Average Income from All Sources. | Special Sources of Income. | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Number with Income from Savings. | Per Cent. | Number with Income from Relatives. | Per Cent. | Number with Income from Pensions. | Per Cent. |
| Individual males, | 88 | $7 32 | 264 | 36.1 | 265 | 36.1 | 113 | 15.5 |
| Individual females, | 304 | 4 50 | 454 | 44.0 | 588 | 57.0 | 97 | 9.4 |
| Couples, | 196 | 11 70 | 754 | 55.3 | 338 | 29.0 | 265 | 19.5 |
| Families, | 17 | 13 24 | 118 | 58.7 | 25 | 12.4 | 65 | 32.3 |

[1] Many of those for whom amount of income was not stated own their homes.

The figures for expenditures afford a basis for judging the adequacy of the incomes, at least in a rough way. The following table shows the classified weekly expenditures: —

Weekly Expenditures of Non-dependent Aged Poor.

| | Total. | Average Weekly Expenditures. | Classified Weekly Expenditures. | | |
|---|---|---|---|---|---|
| | | | Percentage of Income expended for Rent. | Percentage of Income expended for Food. | Percentage of Income expended for Clothing. |
| Individual males, . . | 730 | $6 26 | 26.9 | 58.1 | 10.0 |
| Individual females, . | 1,031 | 4 28 | 32.4 | 54.2 | 13.0 |
| Couples, . . . | 1,362 | 9 32 | 23.5 | 51.2 | 9.1 |
| Families, . . . | 201 | 12 00 | 25.3 | 60.0 | 9.8 |

The high percentages of income expended for rent and for food are notable features of the classified expenditures presented in this table. In the case of individual females the percentage of expenditure for rent is extremely high, namely, 32.4. The reason, doubtless, lies in the obvious fact that it is more difficult and expensive for a single aged woman to provide for herself adequate lodging accommodations than for a single aged man. The percentage of expenditure for food is especially high in the case of families, who spend 60 per cent. of the income for this purpose. The percentage of expenditure for clothing is comparatively low in all cases, averaging about 10 per cent. This is due to the fact that aged persons, as a rule, are not called upon to incur so heavy an expense for this purpose as the young and the middle-aged. The expenditures for the three objects of rent, food and clothing consume a very large part of the total income. The surplus expended for incidental purposes is much less in the case of aged persons than in the general population. The old spend very little, as a rule, for recreation and sundries.

The percentages of income expended for rent and food by aged families, as shown by this investigation, are somewhat higher than the normal averages for wage earners' families. The percentage of expenditure for clothing, however, is some-

what less. The comparative expenditures of wage earners' families in general, and of families among the non-dependent aged poor, are shown in the following table: —

| | **201** Families of Aged Poor in Massachusetts. | **175** Normal Families in United States.[1] | **200** Families in New York City.[2] | **73** Families in New York City[3] |
|---|---|---|---|---|
| Average income, | $687 48 | $800 to $900 | $851 38 | $800 to $899 |
| Average expenditure (per cent.): — | | | | |
| Food, | 60.0 | 42.80 | 43.4 | 44.3 |
| Rent, | 25.3 | 16.66 | 19.4 | 20.7 |
| Clothing, | 9.8 | 13.45 | 10.6 | 14.0 |

[1] Eighteenth annual report of United States Commissioners of Labor, p. 363.
[2] Louise B. More, "Wage Earners' Budgets," p. 258.
[3] R. C. Chapin, "Standard of Living in New York City," p. 70.

As regards the adequacy of the incomes, compared with expenditures, it appears that 51.5 per cent. of the individual males have incomes of $6 a week or over, which would provide approximately for the average weekly expenditure of $6.26 for this class; 21 per cent. of the individual females have incomes of $5 a week or over, which is considerably in excess of the $4.28 average for expenditures; 72.7 per cent. of the couples have incomes of $9 a week or over, which approximates the average of $9.32 for expenditures; 82.6 per cent. of families have incomes of $10 a week or over, which is close to the standard of $12 average weekly expenditures. The average percentage of those who have incomes adequate to meet the average expenditures is, for all classes, approximately 60 per cent.

Other indications of the economic condition of this group of the aged population are the percentages of persons who have property above debts, of those who carry insurance or membership in a union or benefit order, and of the able-bodied. The percentage of property holders for the entire group of non-dependent aged, including individuals, couples and families, is 43.4.[1] Of the number having property, 72.5 per cent. give the amount as $1,000 or over. The percentage

[1] See p. 75.

of persons of this class who carry insurance is not large, being only 15.9. The proportion of members in unions and benefit orders is still smaller, being 10.4 per cent. The percentage of able-bodied persons is 53.4. This percentage affords an interesting contrast to the 12.5 per cent. of able-bodied persons among inmates of almshouses, and the 5.3 per cent. among inmates of benevolent homes.

The average age at which the wage-earning power was lost, in the case of those wholly incapacitated, was found to be 68 years; the age at which the wage-earning power was impaired, in the case of those partially incapacitated, was found to be 64. These averages are based on returns for 870 and 872 cases, respectively. The average ages of loss or impairment of earning power as given indicate that the normal pensionable age, falling between the limits of 64 and 68, is not far from 65.

On the whole, the economic condition of the non-dependent aged poor, as disclosed in this investigation, is comparatively good. When one considers that the persons enumerated belong to the group just above the line of dependency, close to the pauper class and charity beneficiaries, the facts that have been set forth acquire added significance. It is evident that no considerable amount of distress exists in the lower ranks of the non-dependent aged population.

The total number of persons 65 years of age and over above the line of dependency, exclusive of pensioners, has been estimated at 135,788. The 3,746 cases enumerated in the class of non-dependent aged poor may be fairly regarded as constituting a part of the lower tenth of the non-dependent aged population in general. Tested by income, property holdings or earning power, not more than one-half of this marginal population can be set down as actually needy. Assuming that to be the proportion of persons in the lower tenth of the non-dependent population really entitled by virtue of their poverty to share in the benefits of any pension scheme, the number of such deserving poor, or preferred candidates for pensions, would be, roundly, 7,000. If we add the inmates of almshouses, 3,480, of benevolent homes, 2,598, and the recipients of public outdoor relief, 3,075, and of private outdoor relief,

2,312, we get a total of 18,465 persons 65 years of age and over who would have to be provided for in any pension scheme that was restricted to the deserving non-dependent aged poor and the beneficiaries of public and private charity. If the public paupers were excluded from participation in the scheme, the number of prospective pensioners would be reduced to about 12,000. This number represents an extremely low proportion of the entire population 65 years of age and over, or less than 7 per cent. The figure is strikingly small in contrast with the 50 per cent. of the population 70 years of age and over in Great Britain, that qualified for pensions under the carefully restrictive provisions of the old age pension act.

6. Comparative Social Statistics of Aged Poor.

The two extreme classes of almshouse inmates and non-dependent aged poor have been dealt with in preceding analyses. Instead of proceeding further to treat each class of the aged poor separately, it will be more instructive and illuminating to adopt the comparative method of presenting each set of facts regarding the composition and condition of these classes in parallel tables. This comparative presentation will exhibit side by side the essential facts concerning the various classes of the aged poor gathered in this investigation. In analyzing the returns only the salient features have been selected for treatment. No attempt has been made to exhaust the possibilities of statistical combination and permutation. The analysis has been confined to the most important and suggestive features. For convenience of arrangement, the tables are all placed together at the end of the analysis.

*1. Sex and Conjugal Condition.* — As regards the sex of the various classes of aged poor, the most noticeable general fact shown by Table 1 is the inequality between the sexes throughout the six classes. In this respect the figures for the aged poor present a contrast to those for the general population of the State, which is divided between the sexes very evenly, with 48.7 per cent. males and 51.3 per cent. females. The lack of any uniformity in the division between the sexes in the case of the various classes is also striking. In the

classes of almshouse inmates, recipients of State and military aid and non-dependent poor, the males preponderate; in the classes of inmates of benevolent homes and recipients of public and private outdoor relief, the males are greatly outnumbered. It appears that relief in charitable institutions and in the homes through public or private agencies is given more largely to women than to men.

In respect to conjugal condition, the small percentage of single persons as compared with the proportion in the State at large is significant. The average of single persons is only 15.1 per cent. among the aged poor, whereas in the general population of the State it is 55.54 per cent. It is evident that the heavier burdens imposed by family life contribute something toward the volume of poverty in the State. Another noteworthy fact here is the high percentage of widowed in all classes, the average being 52.7. The corresponding percentage for the general population of the State is only 6.36. The percentage of widowed is lowest among the non-dependent poor and highest in the population of benevolent homes, with the almshouse class coming second. It is evident from the figures that widowhood plays a large part in producing and aggravating poverty in old age. Finally, the comparatively small percentage of married among the institutional poor both in almshouses and in benevolent homes is significant. The percentages here, which are only 15.4 and 11.7, respectively, contrast strongly with the percentages of widowed in the two classes, which are 57.8 and 60.3, respectively. One would naturally expect that the institutions, as the figures show, would be inhabited mainly by widowed persons, rather than married. The latter make up a higher percentage of the non-institutional poor, including persons aided in their homes, than of the institutional poor.

*2. Length of Residence in Massachusetts.* — As in the almshouse population, the percentage of persons who have lived in the State under five years is very small throughout the classes, the average for all, as shown in Table 2, being .8. Only for the non-dependent class does the percentage of residents of less than five years rise above 1, and then only only to 1.1. In the general population of the State the percentage of

persons with five years or less residence is 25.17. The other fact noted in the case of the almshouse population, namely, the high percentage of persons who have resided in the State thirty years and over, is also conspicuous in this table. The average percentage for all six classes is 84.2. In general, the aged poor are long-term residents of the State. There is no considerable divergence from this condition in any class.

*3. Family Connections.* — The proportion of inmates of almshouses and of benevolent homes having adult children living at the time of entrance, as shown in Table 3, is nearly the same, being 43.7 per cent. for the former and 39.4 per cent. for the latter. The percentage of non-institutional poor both public and private, having adult children living at the present time, is higher, standing at approximately 60. There is a wider difference between the percentages of those having other near relatives living at the time of entrance for the almshouse and the benevolent home population, the percentage for the former being only 52.9, while that for the latter is 64.2. Among the non-institutional poor the percentages of those having other near relatives now living are 57.4 for the public dependents and 71.9 for the private. The number of almshouse and benevolent home inmates having adult children or near relatives who are able to aid them at present is, as one would infer, very small, namely, 7.7 per cent. for the almshouse class and 13.2 per cent. for the benevolent homes. Here the percentages are much higher for the non-institutional poor, being 46.4 for the recipients of public relief and 57.5 for recipients of private relief.

*4. Native-born and Foreign-born.* — The percentage of foreign-born, as shown in Table 4, is highest in the almshouse population, namely, 66.5; and next highest among the outdoor paupers, namely, 55.3. The class of non-dependent poor stands third, with 43.7 per cent. These three classes have percentages exceeding that in the general population of the State, which is 30.6. The other three classes, the inmates of benevolent homes, the recipients of private outdoor relief, and the beneficiaries of State and military aid, have much lower percentages than that for the State. The percentage of the native-born of foreign parentage is also highest among the

almshouse inmates, namely, 11.8. Here, again, the outdoor paupers come next, with 5.1 per cent. The percentage of the native-born, who were born in Massachusetts, is only 13.1 for the almshouse population. At the other extreme, here, stands the class of non-dependent poor, among whom 60 per cent. of the native-born were born in Massachusetts. Even this percentage is much below that for the general population of the State, which is 80. It thus appears that the native-born of Massachusetts origin contribute a much lower proportion of the aged dependents than they do of the total population of the State.

*5. Country of Birth of Foreign-born.* — Comparing the various countries represented among the foreign-born, as shown in Table 5, we find that Ireland leads, with a general average of 60.4 per cent.; Canada stands second, with 18.3 per cent.; England and Wales follow, with 10.3 per cent. In each of the six classes, moreover, Ireland is first, with percentages ranging from 33.3 to 70.5; Canada is second, with percentages from 11.4 to 28.5, except in the case of the State and military aid group, in which it is third; England and Wales stand third, with percentages from 8.7 to 19.7, except in the State and military aid group, being second here. This order of precedence is the same as in the general population of the State. The newer nationalities among the foreign-born — that is, those most heavily represented in recent immigration, including Italy, Russia, Hungary and others — have the most insignificant representation among the aged poor. These peoples have not yet been largely represented in this country long enough to figure conspicuously in any statistics of the aged. Germany has a percentage almost the same as its percentage in the general population of the State, the two figures for the aged poor and for the general population being 3.2 and 3.3, respectively.

*6. Political Status of Foreign-born Males.* — The returns show that about three-quarters of the foreign-born males are naturalized. The percentage of naturalized foreign-born males, as shown in Table 6, is highest among the recipients of State and military aid, namely, 91.6. For the general population of the State the percentage of naturalized among

the foreign-born males is only 41.6. The lower percentage of naturalized in the general foreign-born population is to be explained by the fact that there are many minors and immigrant newcomers in this class, while the aged poor have as a rule been residents of the State long enough to meet the conditions for naturalization.

7. *Defective Physical Conditions.* — The high percentage of physical defectives among almshouse inmates, namely, 93.8, has been commented on. The next highest percentage, as shown in Table 7, is 86 for recipients of State and military aid, the public outdoor poor following closely with 82.7. The figure for the non-dependent poor is conspicuously low, namely, 40.3 per cent. The general percentage of physical defectives for all classes is 72.2. The particular defects that stand out most conspicuously in the table are: chronic disease, with 32.4 per cent. of the total number of defectives; age and infirmity, with 26.9 per cent.; and rheumatism, with 23.1 per cent. The percentages of feeble-minded and insane are low; even the institutional population and the non-institutional public poor have only small percentages in these classes. The provision for the insane in separate institutions of course accounts for this meager representation.

8. *Earning Power.* — With reference to the ability to work, the extremely low percentage of 12.5 able-bodied among the almshouse inmates has previously been pointed out. The percentage of able-bodied in benevolent homes, as shown in Table 8, is even lower, 5.3. For the non-institutional poor, also, the percentage of able-bodied is very low, being 12.9 for recipients of public relief and 9.8 for private relief. In the class of State and military aid the percentage rises, slightly, to 16. In the group of non-dependent poor it is comparatively high, namely, 53.4. The wholly incapacitated, at the opposite extreme of earning power, show very high percentages in all classes, with the exception of the non-dependent poor, who have only 23.3. The highest percentage is 85.2 for inmates of benevolent homes. The figures for causes of loss or impairment of earning power bring out no remarkable variations among the different classes. Among the three causes tabulated, sickness has the high average of 71.6 per cent.;

old age coming second, with 27.2 per cent.; and accident third, with only 13.4 per cent. The well-known fact that sickness is productive of poverty and dependency is strongly emphasized by these figures.

*9. Occupations.* — The figures given in Table 9 for inmates of almshouses and benevolent homes relate to occupations early in life. In the general average for occupations, manufacturing and mechanical pursuits head the list, with 29.7 per cent., closely followed by housekeeping and domestic employment, with 28.1 per cent. These two occupations stand either first or second in each class of the aged poor. The high percentage for housekeeping and domestic employment is accounted for by the fact that many women are represented in the returns. Common labor has the third largest representation among occupations, 9.2 per cent. The remainder of the total is scattered among the other occupations, no one showing a notable percentage except agriculture, with 9.5 for State and military aid and 7.2 for non-dependent poor.

*10. Weekly Wages.* — The usual earnings given in Table 10 are the weekly amounts ordinarily or normally earned by the person when working at his main occupation. The present or last earnings are the weekly amounts received at the present time, or when the person was last employed. The returns for the inmates of almshouses and benevolent homes are for the earnings before admission to the institution. The general average in the low wage group of $5 or less is 18.1 per cent. The non-institutional poor are heavily represented in this group, with 37.6 per cent. for the public beneficiaries and 24.7 per cent. for the private beneficiaries. The general average in the middle wage group, $5 to $10, is 32 per cent., the highest percentage here being that for State and military aid, 43.2, and the lowest that for the non-dependent poor, 23.1. The combined percentages for the two wage groups under $10 is 50.1. The percentage above the $10 line is 49.9. This means that almost exactly one-half of the aged poor earned $10 or over a week when employed at their ordinary occupations. The percentage with earnings in excess of $20 a week is naturally small, the average being 2.9.

The figures for earnings at the present or last employment

show a very different distribution among the wage groups. In this table only 31.3 per cent. are found above the $10 line, as contrasted with 49.9 per cent. in the usual earnings. The percentage in the lowest group is nearly twice as much as that for the usual earnings, namely, 31.6; and that in the second group is 37.1, which is 5 per cent. more than for this group in the usual earnings.

*11. Property Holdings.* — The percentage of those having property above debts at any time, as shown in Table 11, is for all classes 37.9. The highest percentage here is for the recipients of private outdoor relief, which is 59.4. It is a surprising fact that the percentage for this class is considerably higher than that for the non-dependent poor, who have only 48.2 per cent. of property holders. The extremely high percentage for the recipients of private outdoor relief may be explained by the fact that many persons who have been well-to-do earlier in life, but have been reduced to dependency through misfortune, are found in this class of dependents. In respect to the amount of property holdings, it appears that more than one-half, or 53.9 per cent. of the property holders, owned over $1,000. The percentages in the first and second groups — owning $500 or less and $500 to $1,000 — are nearly the same, being 23.3 and 22.8, respectively. The percentage in the third group, those owning over $1,000, is highest for the non-dependent poor, namely, 74.8. The recipients of private outdoor relief and the inmates of benevolent homes also have high percentages in this group, 65.8 and 63.3, respectively. The average amount of property per capita of the whole number of property holders ranges from $573.91 for State and military aid to $6,514.17 for private outdoor relief.

*12. Property Losses.* — The percentage of property holders who sustained losses, as shown in Table 12, is 56.1. The almshouse inmates have the highest percentage of losers, namely, 97.4; the inmates of benevolent homes and the recipients of private outdoor relief follow, with 90; the non-dependent poor have only 16 per cent. of property losers.

Among the causes of property loss, extra expenses on account of sickness and emergencies show an average percentage

of 60.1; business failures and bad investments come second, with 25.4; intemperance and extravagance stand third, with 6.2; while fraud and fire claim 5.1 and 3.2, respectively.

*13. Present Financial Condition.* — For obvious reasons, the almshouse inmates do not appear in Table 13. The figures for present property holdings supplement those given in the preceding tables for early life. It appears that 26.5 per cent. of the aged poor have property at the present time, or, in the case of the inmates of benevolent homes, had property when admitted to the institution. This figure should be compared with the 37.9 per cent. who had property above debts at some time in life. Large ratios of decline appear in the property holdings of all classes except the non-dependent poor. The percentage of present property holders in this class is 43.4, or only slightly less than the 48.2 per cent. who held property at some time in life. The percentage of those in the lowest property group, owning $500 or less, is notably higher than in the case of the early property holdings, namely, 34.3; while the percentage in the highest group, those owning over $1,000, is much lower, namely, 43.9. Corresponding percentages for early property holdings were 23.3 and 53.9, respectively. . The only exception, again, is the class of the non-dependent aged, for which the percentages in this table are almost the same as in the returns of property holdings early in life, the percentages being 5.6 in the lowest group and 72.5 in the highest group, as compared with 4 and 74.8, respectively, in the preceding tabulation.

The percentages of those who carry life insurance are comparatively small, the highest being 16.5 for recipients of public outdoor relief, and 15.9 for the non-dependent poor. Membership in trade unions or benefit orders has only insignificant percentages in the first three classes; with 18.1 and 10.4, respectively, in the cases of State and military aid and non-dependent poor. As regards financial assistance by relatives, the recipients of outdoor relief, public and private, naturally show the highest percentages, namely, 40.2 and 40.5, respectively.

TABLE 1. — *Sex and Conjugal Condition.*

| | Totals. [1] | Male. | Per Cent. | Female. | Per Cent. | Single. | Per Cent. | Married. | Per Cent. | Widowed. | Per Cent. | Divorced. | Per Cent. | Not stated. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 3,480 | 2,135 | 61.4 | 1,345 | 38.6 | 859 | 25.4 | 522 | 15.4 | 1,955 | 57.8 | 48 | 1.4 | 96 |
| Benevolent homes, | 2,598 | 793 | 30.6 | 1,805 | 69.4 | 493 | 26.8 | 215 | 11.7 | 1,109 | 60.3 | 21 | 1.2 | 760 [2] |
| Outdoor relief, public, | 3,075 | 965 | 31.4 | 2,110 | 68.6 | 420 | 13.7 | 903 | 29.6 | 1,700 | 55.7 | 29 | 1.0 | 23 |
| Outdoor relief, private, | 444 | 157 | 35.4 | 287 | 64.6 | 75 | 17.2 | 107 | 24.6 | 246 | 56.4 | 8 | 1.8 | 8 |
| State and military aid, | 1,645 | 910 | 55.3 | 735 | 44.7 | 47 | 2.9 | 654 | 40.2 | 919 | 56.4 | 8 | .5 | 17 |
| Non-dependent poor, | 3,746 | 2,351 | 62.8 | 1,395 | 37.2 | 233 | 6.2 | 2,012 | 53.8 | 1,485 | 39.7 | 9 | .3 | 7 |
| Totals, | 14,988 | 7,311 | 48.7 | 7,677 | 51.3 | 2,127 | 15.1 | 4,413 | 31.3 | 7,414 | 52.7 | 123 | .9 | 911 |

[1] The totals in the first column include the persons 65 years of age and over in the different classes, as enumerated in this investigation.

[2] The large number of "not stated" for benevolent homes in this table and others is due to the fact that the officials of two large institutions, having a combined net total of 686 inmates 65 years of age and over, refused to furnish any information beyond the number of persons cared for, or to permit an agent of the commission to fill out schedules.

TABLE 2. — *Length of Residence in Massachusetts.*

| | Totals. | Under 5 Years. | Per Cent. | 5 to 9 Years. | Per Cent. | 10 to 19 Years. | Per Cent. | 20 to 29 Years. | Per Cent. | 30 Years and Over. | Per Cent. | Not stated. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 3,480 | 31 | 1.0 | 31 | 1.0 | 131 | 4.1 | 330 | 10.3 | 2,683 | 83.6 | 274 |
| Benevolent homes, | 2,598 | 9 | .5 | 21 | 1.2 | 81 | 4.7 | 111 | 6.4 | 1,509 | 87.2 | 867 |
| Outdoor relief, public, | 3,075 | 11 | .4 | 22 | .8 | 171 | 6.3 | 410 | 15.1 | 2,109 | 77.4 | 352 |
| Outdoor relief, private, | 444 | 3 | .7 | 4 | 1.0 | 17 | 4.2 | 51 | 12.5 | 332 | 81.6 | 37 |
| State and military aid, | 1,645 | 7 | .5 | 11 | .7 | 24 | 1.6 | 32 | 2.2 | 1,412 | 95.0 | 159 |
| Non-dependent poor, | 3,746 | 40 | 1.1 | 49 | 1.3 | 192 | 5.2 | 296 | 8.0 | 3,130 | 84.4 | 39 |
| Totals, | 14,988 | 101 | .8 | 138 | 1.1 | 616 | 4.6 | 1,230 | 9.3 | 11,175 | 84.2 | 1,728 |

TABLE 3. — *Family Connections of Institutional and Non-institutional Aged Poor.*

| | Totals. | Having Adult Children living at Time of Entrance. | | | | | Having Near Relatives living at Time of Entrance. | | | | | Having Adult Children or Near Relatives able to aid at Present. | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Yes. | Per Cent. | No. | Per Cent. | Not stated. | Yes. | Per Cent. | No. | Per Cent. | Not stated. | Yes. | Per Cent. | No. | Per Cent. | Not stated. |
| Almshouses, | 3,480 | 1,404 | 43.7 | 1,806 | 56.3 | 270 | 1,615 | 52.9 | 1,439 | 47.1 | 426 | 246 | 7.7 | 2,965 | 92.3 | 269 |
| Benevolent homes, | 2,598 | 663 | 39.4 | 1,021 | 60.6 | 914 | 973 | 64.2 | 543 | 35.8 | 1,082 | 189 | 13.2 | 1,247 | 86.8 | 1,162 |
| Totals, | 6,078 | 2,067 | 42.2 | 2,827 | 57.8 | 1,184 | 2,588 | 56.6 | 1,982 | 43.4 | 1,508 | | | | | |
| | Totals. | Having Adult Children living at Present. | | | | | Having Near Relatives living at Present. | | | | | | | | | |
| | | Yes. | Per Cent. | No. | Per Cent. | Not stated. | Yes. | Per Cent. | No. | Per Cent. | Not stated. | | | | | |
| Outdoor relief, public, | 3,075 | 1,618 | 60.3 | 1,067 | 39.7 | 390 | 1,244 | 57.4 | 920 | 42.6 | 911 | 1,033 | 46.4 | 1,194 | 53.6 | 848 |
| Outdoor relief, private, | 444 | 234 | 60.4 | 154 | 39.6 | 56 | 239 | 71.9 | 93 | 28.1 | 112 | 186 | 57.5 | 137 | 42.5 | 121 |
| Totals, | 3,519 | 1,852 | 60.3 | 1,221 | 39.7 | 444 | 1,483 | 59.4 | 1,013 | 40.6 | 1,023 | 1,654 | 22.9 | 5,543 | 77.1 | 2,400 |

TABLE 4. — *Native-born and Foreign-born.*

| | Totals. | NATIVE-BORN. | | | | | | | | | | FOREIGN. | | UNKNOWN. | | Born in Massachusetts. | Per Cent. of Native-born. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Native Parentage. | Per Cent. | Foreign Parentage. | Per Cent. | Mixed Parentage. | Per Cent. | Parentage unknown. | Per Cent. | Totals. | Per Cent. | Foreign-born. | Per Cent. | Birthplace unknown. | Per Cent. | | |
| Almshouses, | 3,480 | 874 | 80.9 | 127 | 11.8 | 42 | 3.8 | 36 | 3.5 | 1,079 | 31.0 | 2,314 | 66.5 | 87 | 2.5 | 141 | 13.1 |
| Benevolent homes, | 2,598 | 1,113 | 88.9 | 43 | 3.4 | 26 | 2.1 | 70 | 5.6 | 1,252 | 48.2 | 618 | 23.8 | 728 | 28.0 | 287 | 22.9 |
| Outdoor relief, public, | 3,075 | 1,038 | 78.6 | 67 | 5.1 | 27 | 2.1 | 188 | 14.2 | 1,320 | 42.9 | 1,699 | 55.3 | 56 | 1.8 | 758 | 57.4 |
| Outdoor relief, private, | 444 | 282 | 79.9 | 7 | 2.0 | 4 | 1.1 | 60 | 17.0 | 353 | 79.5 | 84 | 18.9 | 7 | 1.6 | 137 | 38.8 |
| State and military aid, | 1,645 | 1,217 | 90.9 | 55 | 4.1 | 19 | 1.4 | 48 | 3.6 | 1,339 | 81.4 | 295 | 17.9 | 11 | .7 | 319 | 23.8 |
| Non-dependent poor, | 3,746 | 1,976 | 94.3 | 77 | 3.7 | 20 | 1.0 | 22 | 1.0 | 2,095 | 55.9 | 1,636 | 43.7 | 15 | .4 | 1,258 | 60.1 |
| Totals, | 14,988 | 6,500 | 43.4 | 376 | 2.5 | 138 | .9 | 424 | 2.8 | 7,438 | 49.6 | 6,646 | 44.3 | 904 | 6.1 | 2,900 | 38.9 |

TABLE 5. — *Country of Birth of Foreign-born.*

| | Totals. | Ireland. | Per Cent. | England and Wales. | Per Cent. | Canada. | Per Cent. | Scotland. | Per Cent. | Scandinavia. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 2,314 | 1,632 | 70.5 | 211 | 9.1 | 264 | 11.4 | 84 | 3.6 | 28 | 1.2 |
| Benevolent homes, | 618 | 291 | 47.1 | 77 | 12.5 | 163 | 26.4 | 22 | 3.6 | 13 | 2.1 |
| Outdoor relief, public, | 1,699 | 993 | 58.5 | 147 | 8.7 | 400 | 23.5 | 21 | 1.2 | 33 | 2.0 |
| Outdoor relief, private, | 84 | 28 | 33.3 | 15 | 17.9 | 24 | 28.5 | 8 | 9.5 | 1 | 1.2 |
| State and military aid, | 295 | 178 | 60.4 | 58 | 19.7 | 36 | 12.2 | 8 | 2.7 | – | – |
| Non-dependent poor, | 1,636 | 897 | 54.8 | 174 | 10.7 | 331 | 20.2 | 47 | 2.8 | 72 | 4.4 |
| Totals, | 6,646 | 4,019 | 60.4 | 682 | 10.3 | 1,218 | 18.3 | 190 | 2.9 | 147 | 2.2 |

TABLE 5. — *Country of Birth of Foreign-born* — Concluded.

| | Germany. | Per Cent. | France. | Per Cent. | Italy. | Per Cent. | Hungary and Bulgaria. | Per Cent. | Russia and Poland. | Per Cent. | All Others. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 61 | 2.6 | 9 | .4 | 4 | .2 | 1 | – | 5 | .2 | 15 | .8 |
| Benevolent homes, | 35 | 5.7 | 6 | .9 | – | – | – | – | 1 | – | 10 | 1.7 |
| Outdoor relief, public, | 30 | 1.8 | 4 | .2 | 7 | .4 | 1 | – | 13 | .7 | 50 | 3.0 |
| Outdoor relief, private, | 1 | 1.2 | 1 | 1.2 | – | – | – | – | – | – | 6 | 7.2 |
| State and military aid, | 12 | 4.1 | 1 | .3 | – | – | – | – | 1 | .3 | 1 | .3 |
| Non-dependent poor, | 72 | 4.4 | 8 | .5 | 6 | .4 | – | – | 10 | .6 | 19 | 1.2 |
| Totals, | 211 | 3.2 | 29 | .5 | 17 | .2 | 2 | – | 30 | .5 | 101 | 1.5 |

TABLE 6. — *Political Status of Foreign-born Males.*

| | Totals. | Naturalized. | | | | Not stated. |
|---|---|---|---|---|---|---|
| | | Yes. | Per Cent. | No. | Per Cent. | |
| Almshouses, | 1,361 | 917 | 70.1 | 391 | 29.9 | 53 |
| Benevolent homes, | 300 | 189 | 75.9 | 60 | 24.1 | 51 |
| Outdoor relief, public, | 499 | 225 | 67.6 | 108 | 32.4 | 166 |
| Outdoor relief, private, | 31 | 10 | 55.5 | 8 | 44.5 | 13 |
| State and military aid, | 65 | 55 | 91.6 | 5 | 8.4 | 5 |
| Non-dependent poor, | 1,157 | 882 | 77.9 | 250 | 22.1 | 25 |
| Totals, | 3,413 | 2,278 | 73.4 | 822 | 26.6 | 313 |

TABLE 7. — *Defective Physical Conditions.*[1]

| | Totals. | Having Physical Defects. | Per Cent. | Insane. | Per Cent. | Feeble-minded. | Per Cent. | Epileptic. | Per Cent. | Rheumatic. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 3,480 | 3,265 | 93.8 | 43 | 1.3 | 274 | 8.4 | 27 | .8 | 595 | 18.2 |
| Benevolent homes, | 2,598 | 1,763 | 67.9 | 10 | .6 | 105 | 5.9 | 9 | .5 | 368 | 20.9 |
| Outdoor relief, public, | 3,075 | 2,543 | 82.7 | 14 | .6 | 107 | 4.2 | 19 | .7 | 607 | 23.9 |
| Outdoor relief, private, | 444 | 308 | 69.4 | – | – | 7 | 2.3 | – | – | 87 | 28.2 |
| State and military aid, | 1,645 | 1,415 | 86.0 | 28 | 2.0 | 23 | 1.6 | 2 | .1 | 402 | 28.4 |
| Non-dependent poor, | 3,746 | 1,512 | 40.3 | – | – | 3 | .1 | – | – | 439 | 17.5 |
| Totals, | 14,988 | 10,806 | 72.2 | 95 | .9 | 519 | 4.8 | 57 | .6 | 2,498 | 23.1 |

[1] The percentages given below are based on the total number of those having physical defects, not on the total number of persons in all classes. The percentages in each class total more than 100 per cent. because two or more different defects are given in several individual cases.

TABLE 7. — *Defective Physical Conditions* — Concluded.

| | Paralytic. | Per Cent. | Crippled, Maimed, Deformed. | Per Cent. | Blind. | Per Cent. | Deaf and Dumb. | Per Cent. | Chronic Diseases. | Per Cent. | Aged and Infirm. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 183 | 5.6 | 457 | 14.0 | 139 | 4.3 | 17 | .5 | 841 | 25.8 | 953 | 29.2 |
| Benevolent homes, | 68 | 3.9 | 232 | 13.2 | 95 | 5.4 | 52 | 3.0 | 397 | 22.5 | 492 | 27.9 |
| Outdoor relief, public, | 109 | 4.3 | 247 | 9.7 | – | – | – | – | 750 | 29.5 | 803 | 31.6 |
| Outdoor relief, private, | 28 | 9.0 | 58 | 18.8 | – | – | – | – | 124 | 40.3 | 110 | 35.7 |
| State and military aid, | 61 | 4.3 | 206 | 14.6 | 71 | 5.0 | 7 | .5 | 457 | 32.3 | 244 | 17.2 |
| Non-dependent poor, | – | – | 238 | 9.5 | 96 | 3.8 | 71 | 2.8 | 928 | 36.9 | 310 | 20.5 |
| Totals, | 449 | 4.2 | 1,438 | 13.3 | 401 | 3.8 | 147 | 1.4 | 3,497 | 32.4 | 2,912 | 26.9 |

TABLE 8. — *Earning Power.*

| | Totals. | Able-bodied. | Per Cent. | Wholly Incapacitated. | Per Cent. | Partially Incapacitated. | Per Cent. | Not stated. | Cause of Loss or Impairment.[1] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Sickness. | Per Cent. | Accident. | Per Cent. | Aged and Infirm. | Per Cent. |
| Almshouses, | 3,480 | 423 | 12.5 | 2,678 | 79.1 | 283 | 8.4 | 96 | 2,119 | 71.6 | 457 | 15.4 | 953 | 32.2 |
| Benevolent homes, | 2,598 | 100 | 5.3 | 1,616 | 85.2 | 180 | 9.5 | 702 | 1,104 | 61.5 | 232 | 12.9 | 492 | 27.4 |
| Outdoor relief, public, | 3,075 | 368 | 12.9 | 1,988 | 69.8 | 493 | 17.3 | 226 | 1,606 | 64.7 | 247 | 10.0 | 803 | 32.4 |
| Outdoor relief, private, | 444 | 42 | 9.8 | 319 | 74.5 | 67 | 15.7 | 16 | 246 | 63.7 | 58 | 15.0 | 110 | 28.5 |
| State and military aid, | 1,645 | 255 | 16.0 | 1,075 | 67.6 | 261 | 16.4 | 54 | 1,051 | 78.7 | 206 | 15.4 | 244 | 18.3 |
| Non-dependent poor, | 3,746 | 1,999 | 53.4 | 870 | 23.3 | 872 | 23.3 | 5 | 1,537 | 88.2 | 238 | 13.7 | 310 | 17.8 |
| Totals, | 14,988 | 3,187 | 22.9 | 8,546 | 61.6 | 2,156 | 15.5 | 1,099 | 7,663 | 71.6 | 1,438 | 13.4 | 2,912 | 27.2 |

[1] The percentages given below are based on the total number of wholly or partially incapacitated, not on the total number of persons in all classes. The three percentages in each class total more than 100 per cent. because two causes of loss or impairment are given in several individual cases.

TABLE 9. — *Occupations.*

| | Totals. | Common Laborer. | Per Cent. | Agricultural. | Per Cent. | Manufacturing and Mechanical. | Per Cent. | Mercantile and Clerical. | Per Cent. | Personal Service and Public Entertainment. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 3,480 | 505 | 14.5 | 178 | 5.1 | 1,175 | 33.7 | 90 | 2.6 | 41 | 1.2 |
| Benevolent homes, | 2,598 | 63 | 2.4 | 48 | 1.9 | 556 | 21.4 | 122 | 4.7 | 53 | 2.1 |
| Outdoor relief, public, | 3,075 | 281 | 9.1 | 82 | 2.7 | 683 | 22.2 | 83 | 2.7 | 119 | 3.9 |
| Outdoor relief, private, | 444 | 12 | 2.7 | 10 | 2.3 | 117 | 26.4 | 42 | 9.5 | 22 | 5.0 |
| State and military aid, | 1,645 | 152 | 9.2 | 156 | 9.5 | 499 | 30.3 | 40 | 2.4 | 38 | 2.3 |
| Non-dependent poor, | 3,746 | 363 | 9.7 | 271 | 7.2 | 1,417 | 37.8 | 156 | 4.2 | 81 | 2.2 |
| Totals, | 14,988 | 1,376 | 9.2 | 745 | 4.9 | 4,447 | 29.7 | 533 | 3.6 | 354 | 2.4 |

TABLE 9. — *Occupations* — Concluded.

| | Police and Military. | Per Cent. | Housekeeping and Domestic. | Per Cent. | Transportation and Outdoor. | Per Cent. | Professional and Official. | Per Cent. | No Regular Occupation. | Per Cent. | All others and not stated. | Per Cent. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Almshouses, | 7 | .2 | 784 | 22.6 | 175 | 5.1 | 17 | .5 | 271 | 7.7 | 237 | 6.8 |
| Benevolent homes, | 4 | .2 | 610 | 23.5 | 97 | 3.7 | 71 | 2.7 | 79 | 3.0 | 895 | 34.4 |
| Outdoor relief, public, | – | – | 1,071 | 34.8 | 95 | 3.1 | 40 | 1.3 | 234 | 7.6 | 387 | 12.6 |
| Outdoor relief, private, | – | – | 90 | 20.3 | 8 | 1.8 | 18 | 4.0 | 36 | 8.0 | 89 | 20.0 |
| State and military aid, | 1 | .1 | 495 | 30.1 | 43 | 2.6 | 9 | .6 | 110 | 6.7 | 102 | 6.2 |
| Non-dependent poor, | 7 | .2 | 1,163 | 31.0 | 136 | 3.7 | 52 | 1.4 | 50 | 1.3 | 50 | 1.3 |
| Totals, | 19 | .1 | 4,213 | 28.1 | 554 | 3.7 | 207 | 1.3 | 780 | 5.2 | 1,760 | 11.8 |

TABLE 10. — *Weekly Wages.*

| | Totals. | Usual Earnings. | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | $5 or Less. | Per Cent. | $5 to $10. | Per Cent. | $10 to $15. | Per Cent. | $15 to $20. | Per Cent. | Over $20. | Per Cent. | Not stated. |
| Almshouses, | 3,480 | 493 | 20.4 | 869 | 36.0 | 701 | 29.0 | 244 | 10.1 | 109 | 4.5 | 1,064 |
| Benevolent homes, | 2,598 | 197 | 22.5 | 276 | 31.6 | 253 | 28.9 | 106 | 12.1 | 43 | 4.9 | 1,723 |
| Outdoor relief, public, | 3,075 | 433 | 37.6 | 371 | 32.3 | 252 | 22.0 | 79 | 6.8 | 15 | 1.3 | 1,925 |
| Outdoor relief, private, | 444 | 22 | 24.7 | 32 | 36.0 | 17 | 19.1 | 13 | 14.6 | 5 | 5.6 | 355 |
| State and military aid, | 1,645 | 103 | 12.2 | 365 | 43.2 | 287 | 34.1 | 71 | 8.5 | 17 | 2.0 | 802 |
| Non-dependent poor, | 3,746 | 109 | 5.1 | 494 | 23.1 | 837 | 39.1 | 670 | 31.3 | 31 | 1.4 | 1,605 |
| Totals, | 14,988 | 1,357 | 18.1 | 2,407 | 32.0 | 2,347 | 31.2 | 1,183 | 15.8 | 220 | 2.9 | 7,474 |

TABLE 10. — *Weekly Wages* — Concluded.

| | Present or Last Earnings. | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **$5** or Less. | Per Cent. | **$5** to **$10.** | Per Cent. | **$10** to **$15.** | Per Cent. | **$15** to **$20.** | Per Cent. | Over **$20.** | Per Cent. | Not stated. |
| Almshouses, | 612 | 32.6 | 737 | 39.3 | 412 | 22.0 | 84 | 4.5 | 31 | 1.6 | 1,604 |
| Benevolent homes, | 172 | 28.4 | 198 | 32.6 | 162 | 26.7 | 50 | 8.2 | 25 | 4.1 | 1,991 |
| Outdoor relief, public, | 575 | 63.8 | 236 | 26.2 | 76 | 8.5 | 11 | 1.2 | 3 | .3 | 2,174 |
| Outdoor relief, private, | 33 | 61.1 | 12 | 22.2 | 5 | 9.3 | 3 | 5.6 | 1 | 1.8 | 390 |
| State and military aid, | 143 | 30.4 | 216 | 46.0 | 99 | 21.1 | 11 | 2.3 | 1 | .2 | 1,175 |
| Non-dependent poor, | 211 | 13.1 | 650 | 40.3 | 590 | 36.5 | 152 | 9.4 | 11 | .7 | 2,132 |
| Totals, | 1,746 | 31.6 | 2,049 | 37.1 | 1,344 | 24.4 | 311 | 5.6 | 72 | 1.3 | 9,466 |

TABLE 11. — *Property Holdings.*

| | Totals. | Having Property Above Debts at Any Time. | | | | | Amount of Property. | | | | | | | Average Amount Per Capita. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Yes. | Per Cent. | No. | Per Cent. | Not stated. | $500 or Less. | Per Cent. | $500 to $1,000. | Per Cent. | Over $1,000. | Per Cent. | Not stated. | |
| Almshouses, | 3,480 | 834 | 27.4 | 2,209 | 72.6 | 437 | 166 | 30.2 | 136 | 24.8 | 247 | 45.0 | 285 | $1,485 26 |
| Benevolent homes, | 2,598 | 521 | 34.5 | 989 | 65.5 | 1,088 | 49 | 17.8 | 52 | 18.9 | 174 | 63.3 | 246 | 3,374 84 |
| Outdoor relief, public, | 3,075 | 740 | 33.7 | 1,454 | 66.3 | 881 | 159 | 44.2 | 80 | 22.2 | 121 | 33.6 | 380[1] | 1,478 49 |
| Outdoor relief, private, | 444 | 180 | 59.4 | 123 | 40.6 | 141 | 25 | 22.5 | 13 | 11.7 | 73 | 65.8 | 69 | 6,514 17 |
| State and military aid, | 1,645 | 597 | 39.1 | 929 | 60.9 | 119 | 114 | 35.5 | 99 | 30.8 | 108 | 33.7 | 276 | 573.91 |
| Non-dependent poor, | 3,746 | 1,805 | 48.2 | 1,941 | 51.8 | - | 28 | 4.0 | 149 | 21.2 | 525 | 74.8 | 1,103[2] | 1,054 98 |
| Totals, | 14,988 | 4,677 | 37.9 | 7,645 | 62.1 | 2,666 | 541 | 23.3 | 529 | 22.8 | 1,248 | 53.9 | 2,359 | - |

[1] Many of these people own little homes, and nothing else.
[2] Many of these "non-dependents" own homes, and some "personal," not stated.

TABLE 12. — *Property Losses.*

| | Totals. | Having Property Above Debts at Any Time. | Per Cent. | Property Holders who sustained Losses. | Per Cent. | Causes of Property Loss. | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Extra Expenses for Sickness and Emergencies. | Per Cent. | Intemperance and Extravagance. | Per Cent. | Business Failures and Bad Investments. | Per Cent. | Fraud. | Per Cent. | Fire. | Per Cent. | Not stated. |
| Almshouses, | 3,480 | 834 | 27.4 | 812 | 97.4 | 452 | 64.9 | 65 | 9.3 | 116 | 16.7 | 43 | 6.2 | 20 | 2.9 | 116 |
| Benevolent homes, | 2,598 | 521 | 34.5 | 470 | 90.0 | 151 | 50.1 | 4 | 1.3 | 114 | 37.8 | 25 | 8.3 | 7 | 2.5 | 169 |
| Outdoor relief, public, | 3,075 | 740 | 33.7 | 541 | 73.1 | 284 | 57.1 | 37 | 7.4 | 153 | 30.7 | 18 | 3.6 | 6 | 1.2 | 43 |
| Outdoor relief, private, | 444 | 180 | 59.4 | 162 | 90.0 | 96 | 66.7 | 5 | 3.5 | 35 | 24.3 | 2 | 1.3 | 6 | 4.2 | 18 |
| State and military aid, | 1,645 | 597 | 39.1 | 348 | 58.0 | 108 | 73.5 | 7 | 4.8 | 19 | 12.9 | 3 | 2.0 | 10 | 6.8 | 201 |
| Non-dependent poor, | 3,746 | 1,805 | 48.2 | 291 | 16.0 | 108 | 51.9 | 6 | 2.9 | 70 | 33.7 | 10 | 4.8 | 14 | 6.7 | 83 |
| Totals, | 14,988 | 4,677 | 37.9 | 2,624 | 56.1 | 1,199 | 60.1 | 124 | 6.2 | 507 | 25.4 | 101 | 5.1 | 63 | 3.2 | 630 |

TABLE 13. — *Present Financial Condition exclusive of Almshouse Inmates.*

| | Totals. | Property Above Debts at Any Time. | Per Cent. | Having Property when admitted, or at Present. | Per Cent. | $500 or Less. | Per Cent. | $500 to $1,000. | Per Cent. | Over $1,000. | Per Cent. | Not stated. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Benevolent homes, | 2,598 | 521 | 34.5 | 165 | 10.9 | 79 | 63.8 | 24 | 19.3 | 21 | 16.9 | 41 |
| Outdoor relief, public | 3,075 | 740 | 33.7 | 332 | 15.1 | 214 | 88.8 | 19 | 7.8 | 8 | 3.4 | 91 |
| Outdoor relief, private, | 444 | 180 | 53.4 | 69 | 22.7 | 19 | 61.3 | 5 | 16.2 | 7 | 22.5 | 38 |
| State and military aid, | 1,645 | 597 | 39.1 | 267 | 17.4 | 74 | 37.1 | 81 | 40.7 | 44 | 22.2 | 68 |
| Non-dependent poor, | 3,746 | 1,805 | 48.2 | 1,625 | 43.4 | 36 | 5.6 | 139 | 21.9 | 460 | 72.5 | 990 |
| Totals, | 11,508 | 3,843 | 37.9 | 2,458 | 26.5 | 422 | 34.3 | 268 | 21.8 | 540 | 43.9 | 1,228 |

TABLE 13. — *Present Financial Condition exclusive of Almshouse Inmates* — Concluded.

| | Paid Entrance Fee to Homes. | Per Cent. | Carry Life Insurance. | Per Cent. | Member of Trade Union or Benefit Order. | Per Cent. | Aided by Relatives. | Per Cent. |
|---|---|---|---|---|---|---|---|---|
| Benevolent homes, | 904 | 34.8 | 68 | 2.6 | 92 | 3.5 | 160 | 6.2 |
| Outdoor relief, public, | – | – | 506 | 16.5 | 35 | 1.1 | 1,236 | 40.2 |
| Outdoor relief, private, | – | – | 44 | 10.0 | 19 | 4.3 | 180 | 40.5 |
| State and military aid, | – | – | 183 | 11.1 | 297 | 18.1 | 81 | 4.9 |
| Non-dependent poor, | – | – | 597 | 15.9 | 390 | 10.4 | 1,216 | 32.4 |
| Totals, | 904 | 34.8 | 1,398 | 12.1 | 833 | 7.2 | 2,873 | 24.9 |

## III.

## DESCRIPTIVE ACCOUNT OF EXISTING SYSTEMS OF OLD AGE PENSIONS, INSURANCE AND ANNUITIES.

### 1. Origin of the Problem.

The problem of old age pensions or insurance is of modern origin. It is one of the questions of social readjustment consequent upon the industrial revolution. Before the era of the factory system this problem hardly existed. In the earlier period, as Carlisle has impressed upon us, the economic relations between men were of a permanent character. The labor contract was life-long. The worker lived under the paternal protection of the master, who felt obliged to provide for him in sickness, accident and old age. He was not expected to make independent provision for the emergencies of life. In the background, moreover, stood the Church, ready to dispense alms with a free hand.

The industrial revolution changed all this. Temporary contract took the place of permanent service. The employer recognized no obligation to support the worker throughout life. The latter was thrown upon his own resources, and was expected to take care of himself in periods of infirmity, misfortune and old age. Thus arose the problem of old age pensions or insurance, which, in essence, is the problem of devising an effective system of providing for the old age of worn-out workers.

During the last generation a widespread interest has developed in this problem. This interest has been prompted by two classes of motives, — humanitarian and economic. The uppermost consideration in the minds of the men who first turned public attention to this question was the desire to reduce the volume of human misery. They were shocked

by the extent of old age pauperism. They proposed that a system of old age pensions be established, as a means of taking aged workers out of the almshouses and enabling them to spend their last years in self-respecting comfort. This humanitarian motive has been reinforced by an economic object. It has been recognized that the aged worker is a burden on industry. His retention in active employment, after he has passed the limit of his efficiency, means economic waste. A system of old age pensions has therefore been advocated as a means of retiring workers at a reasonable age, and removing this handicap on industry.

In the field of legislation on this question Germany led the way in 1889, when the first old age and invalidity insurance was passed by the Imperial Parliament. Denmark followed this example in 1891. Then three of the Australasian colonies of Great Britain established old age pensions systems, — New Zealand in 1898, New South Wales in 1900 and Victoria in 1901. Belgium introduced a system of old age insurance and pensions in 1900. France and Italy also have adopted special measures for old age relief. In 1908 the Commonwealth of Australia enacted an invalidity and old age pension law on June 10, to go into effect July 1, 1909; the Canadian Parliament passed an act providing for the issue of government annuities of old age on July 20; and England adopted the old age pension act on August 1, to go into effect January 1, 1909. Projects of old age insurance have been under parliamentary consideration in Austria, Norway and other European States.

No American State thus far has established any general system of old age pensions or insurance. There are in operation in several States special pension schemes for certain classes of public employees, chiefly policemen, firemen and school teachers. There is no scheme now in existence, or in prospect, making general provision for old age pensions or insurance. Indeed, Massachusetts is the first State to authorize a comprehensive inquiry into the pension and insurance question through a State commission. In 1905, to be sure, the Legislature of Illinois created a commission to investigate and report to the Governor the draft of a bill pro-

viding a plan for industrial insurance and workingmen's old age pensions. This commission, however, limited its investigation to the subject of accident insurance of employees, leaving the question of old age pensions untouched. Thus in the United States the question has hardly, as yet, received any serious attention from Legislatures, while in Europe it has been a subject of repeated investigation and extensive legislation.

Although American Legislatures have not dealt with this question, American railroad and industrial corporations have been establishing retirement systems of their own. This movement began in 1884, when the Baltimore & Ohio Railroad established its pension system, and during the last decade it has spread rapidly. Not only railroad and industrial corporations, but street railroad companies, banks and mercantile establishments, have instituted retirement systems for their employees.

At the same time there has been a steady development of industrial insurance. The fraternal organizations and the trade unions have contributed also some share toward the solution of this problem. The pension systems for certain branches of public service, to which reference has already been made, have assisted further toward this end.

The first task of an investigator in this field is to examine the legislative measures and the various agencies which have thus been put into operation in the effort to solve the problem of old age pensions and insurance.

2. Old Age Pension Systems in Foreign Countries.

The following outline of old age pension and insurance laws in foreign countries covers the States that have enacted such legislation up to the present time. In Norway and Sweden the question of adopting some pension or insurance scheme has been investigated recently by public commissions, and it is not unlikely that parliamentary action will be taken in the near future. Further legislation on this subject is contemplated, also, in Denmark and France. So far as existing legislation at this date is concerned, the following sketch is believed to be complete.

**(a) Germany.**

The first German old age and invalidity insurance law was passed in 1889, and supplementary legislation was enacted in 1891. In 1899 a new act was passed, making important modifications of the old age insurance provisions. The old age insurance, as now provided under the amended law, is a part of a comprehensive system of insurance legislation covering sickness, accident and invalidity, as well as old age. In their origin the German insurance laws were an indirect result of the Social-Democratic agitation which began in Germany in 1863. Under the leadership of Bismarck the government adopted a policy of progressive social reform, designed to allay the discontent of the working class. A main feature of this policy was the elaborate scheme of workingmen's insurance, initiated by the sickness insurance act of 1883, extended by the accident insurance law of 1884, and tentatively rounded out by the old age and invalidity insurance act of 1889. Thus the German old age insurance is a part of a system of social insurance devised by Bismarck, as one means of combating the spread of Social-Democracy.

The old age insurance, as organized and administered under the act of 1899, is obligatory upon the following classes: —

1. Persons employed as laborers, journeymen, assistants, apprentices, or domestic servants earning wages or salary.

2. Managing officials, foremen and technical workers, clerks and apprentices in business houses, other employees whose service or employment forms their principal vocation, such as teachers and tutors, and all persons receiving wages or salary, if their annual earnings do not exceed 2,000 marks ($500).

3. Persons employed for wages or salary as crews of German vessels and ship captains, whose earnings do not exceed 2,000 marks ($500).

The right to insure voluntarily under the act is granted to these classes: —

1. Superintendents of works, foremen, men with technical education, business assistants, teachers and tutors, ship captains, and

other employed persons whose annual earnings exceed 2,000 marks ($500), but do not exceed 3,000 marks ($750).

2. Traders and manufacturers who do not regularly employ more than two workmen, liable to insurance, as well as all persons engaged in home industries and not subject to the insurance obligation.

3. Persons who receive only board and lodging in return for their labor, or are exempt from compulsory insurance because their employment is only temporary.

The employer is held responsible for the insurance of all workmen employed by him, and for the payment of the premiums, being authorized to deduct the workman's share of the premium from his wages.

The number of persons insured under this law at the present time is about 14,000,000, out of a total population of over 60,000,000.

The obligation to insure begins with the seventeenth year. The old age pension is granted at the completion of the seventieth year, without proof of disability; but the insured person must have paid weekly contributions for twelve hundred weeks.[1] The expenses of the insurance are borne jointly by empire, employers and employed. The empire contributes to each annuity the fixed sum of 50 marks ($11.90) per annum. The government also bears the expenses of the imperial insurance department, and of the payment of pensions through the post-offices. The employer attends to the payment of the contributions, purchasing insurance stamps at the local insurance offices, and affixing them to receipt cards carried by the insured. The rest of the burden is divided in equal shares between employer and employed. For purposes of administering the old age insurance, the employed are divided into five wage classes.[2] The amount of the weekly premium, one-half of which is paid by the employer and one-half by the insured, and the amount of the pension, vary according to the wage class. The pension is made up of two parts, namely: first, the fixed sum granted by the imperial government; second, an additional amount according to the wage class of the pensioner.

[1] In the first act the contributory period was fixed at fourteen hundred and ten weeks.
[2] There were only four classes under the first law.

The following table shows the five wage classes as determined by total annual earnings, the amount of pension payable in each class, and the weekly contribution required: —

| Wage Class. | Total Pension Payable. | Weekly Premium. |
|---|---|---|
| I. Less than 350 marks ($87.50), | 110 marks ($27.50). | 14 pfennige (3½ cents). |
| II. Between 350 and 550 marks ($137.50), | 140 marks ($35). | 20 pfennige (5 cents). |
| III. Between 550 and 850 marks ($212.50), | 170 marks ($42.50). | 24 pfennige (6 cents). |
| IV. Between 850 and 1,150 marks ($287.50), | 200 marks ($50). | 30 pfennige (7½ cents). |
| V. More than 1,150 marks, | 230 marks ($57.50). | 36 pfennige (9 cents). |

The administration of the law is under the direction of a central imperial insurance department, with thirty-one subordinate insurance offices. The latter have charge of the insurance districts into which Germany has been divided. Acting under the district insurance offices, there are special pension offices for the smaller political areas. Several boards of arbitration are attached to each insurance office, each board consisting of a president and a vice-president, two representatives of the employers and two of the employed. These boards adjudicate cases in dispute. Appeals are allowed from the boards to the central imperial insurance department, whose decision in all cases is final.

The following table gives the figures showing the scope and the cost of old age and invalidity insurance for the year 1907; it is impossible to obtain from the official reports the figures for old age insurance alone, apart from the invalidity insurance: —

| | |
|---|---|
| 1. Number of persons insured, | 14,000,000 |
| 2. Number of old age pensioners, | 116,887 |
| 3. Number of invalidity pensioners, | 841,992 |
| 4. Receipts from all sources, | 226,171,349.39 marks ($56,542,837.34) |
| 5. Total expenses, | 129,357,294.83 marks ($32,339,323.70) |
| 6. Contributions from employers and employees, | 163,457,590.09 marks ($40,864,397.52) |
| 7. Total amount paid in pensions and annuities, | 147,593,319.83 marks ($36,898,329.95) |

| | |
|---|---|
| 8. Share of this sum paid out of the imperial treasury, | 49,392,036.35 marks ($12,348,009.08) |
| 9. Average amount of pension, . . . . . | 160 marks ($40) |

The effect of the compulsory insurance system on the extent of pauperism and the expenditure for relief in Germany cannot be statistically determined. Whether the establishment of the system has been followed by a diminution of pauperism and a reduction of the financial burden, or the reverse, has been much discussed. The question has been considered thoroughly by Prof. Henry W. Farnam, of Yale University, in a paper on the Psychology of German Workmen's Insurance.[1] The general conclusion of Professor Farnam, based on examination of such statistical data and other information as can be obtained, is that the burden of poor relief has not been diminished in consequence of the insurance laws. He writes as follows: —

While it was not announced as one of the objects of the government insurance to diminish the amount spent on the poor, it was undoubtedly expected that its effect would be to lessen the number of paupers. Investigations made into the causes of poverty in Germany some years ago, some of which were made by Dr. Victor Boehmert and others by the Imperial Statistical Bureau, concur in showing that in the aggregate some 75 per cent. of the cases of pauperism were attributed to sickness, accident, physical incapacity, old age, or death of the bread winner. Now, it so happens that all of these causes of pauperism are provided for in workingmen's insurance, and if the great mass of wage workers, who are the ones most liable on account of their small income to become dependent, are forced to insure themselves against these very contingencies, and in addition reap the benefit of the contributions of their employers, it would seem natural to expect that fewer would become dependent, and that gradually insurance would take the place of poor relief for all but very few.

That the question has interested the authorities is seen in the fact that the *Verein für Armenpflege* has twice, in 1895 and in 1901, taken the matter up for investigation and discussion, and that the Imperial Statistical Bureau undertook in 1894 and published in 1897 an elaborate investigation into the whole subject. It obtained its

[1] See "Yale Review," 1904.

material mainly in answers to the following five specific questions, which it addressed to the officials in charge of poor relief throughout Germany: —

*A.* Has the care of the poor been relieved by workingmen's insurance —
(*a*) Through sick insurance?
(*b*) Through accident insurance?
(*c*) Through old age and invalidity insurance?

*B.* Has the number of those supported and the amount spent upon them since the introduction of the several insurance laws not diminished, and to what is this to be attributed?

*C.* Has the care of the poor in numerous cases been made supplementary to the benefits of workingmen's insurance and provisionally substituted for them?

The answers received were not complete, and it was not possible statistically to prove either an increase or decrease in the total amount spent upon the poor throughout the empire. I have, however, tried to analyze the returns as far as possible, and compared my analysis with the generalizations published by the Bureau. As regards the first question, sub-divided into three heads, which asks whether the burden of the poor has been relieved by workingmen's insurance, the official summary says that "by far the greater part" of the authorities questioned say that it has been relieved. A careful count shows that of the total number of answers 44 per cent. give a simple affirmative, while 19 per cent. more give a more or less qualified affirmative answer. Yet, when we come to ask whether there has been a diminution either in the number of paupers or in the amount spent for them, it appears that 58 per cent. state that there has been no such diminution. In other words, it would appear that in a good many cases those who say that the burden of poor relief has been lessened, mean, not that it is absolutely less than it formerly was, but that it would have been increased much more, if it had not been for workingmen's insurance. When we consider that the period under consideration has been a period of industrial prosperity, commercial expansion, external peace and rising wages, we should naturally expect that the burden of poor relief would tend downwards, as it has been tending in England,[1] and as outdoor relief has been tending in many of our American cities under good administration. If there are no general economic reasons for an increase in the needs of the poorer classes in Germany, it would seem as if there must be a social or psychological reason, and there are certainly strong indications of this. While some officials speak of depression in particular trades, the migration of workers to the

[1] This statement was made before the recent increase of indoor pauperism was established by the investigations of the Royal Commission on the Poor Laws. (See p. 307.)

cities, etc., as causes of the increased expenditure, others speak of the tendency of the poor to demand more. A report from Gotha says that the poor have become accustomed to demand help from the public. It is elsewhere stated that "the shrinking from the eleemosynary character of poor relief is disappearing among the needy; those who are not insured demand public support more frequently than formerly, and even occasionally refuse private aid. Then, again, those who are not insured, seeing the amounts that are paid to those that are insured, demand a more ample allowance from the poor law authorities, and not infrequently get it." It also happens here and there that, when people have been refused an allowance under the insurance law for lack of proof, they go to the poor law authorities and demand a larger sum on account of their presumptive insurance claim.

In a report made to the *Verein für Armenpflege und Wohlthätigkeit* by Wilhelm Helling in 1901 we learn some facts which seem to indicate that insurance is not having the educational effect upon thrift that was expected. "It is unfortunate," he says, "to be obliged to say that persons who have established a contingent claim upon the benefits of insurance by contributions find it so difficult to make up their minds to maintain this claim by the payment of small voluntary sums, and also that hardly any use has been made of the right of optional insurance. . . . It is positively terrible to notice the number of women, who, when they marry, give up the rights which they have earned in order to obtain possession of a comparatively small sum of ready money, by having half the sums already paid refunded to them." Even where the burden of poor relief has been diminished, it has not always fallen to an extent equal to the cost of insurance to the employers alone. Thus, in the city of Königsberg, in spite of an increase of 20,000 in the population during four years, the expenditure on poor relief has actually diminished; but, while they do not claim to have made a saving on this score of more than 130,000 marks, employers paid in 1896–97 about 380,000 marks, or nearly three times this amount, as their share of the burdens of insurance.

The special investigation made by the *Verein für Armenpflege*, and reported upon by Dr. Richard Freund in 1895, reaches conclusions similar to those of the official investigation. That is, while claiming that the agencies for the care of the poor have been greatly relieved by the operation of the insurance laws, he acknowledges that the financial burden has been considerably increased. Indeed, Dr. Freund seems to consider this in itself a sign of progress which is due directly to the influence of the social laws. "It is no mistake," he says, "to assume that precisely the increased measure of care which has been given to the working classes by the working-

men's insurance legislation has not been without influence upon the standard of living of the mass of population, and that this influence is making itself felt in poor relief."

Recent data bearing on this question of the effect of the compulsory insurance system on poor relief expenditure have been obtained by Mr. Frederick L. Hoffman, statistician of the Prudential Insurance Company. In the summer of 1909 Mr. Hoffman visited Germany and studied the working of the compulsory insurance laws. Concerning the effect on poor law administration, he made inquiries in Berlin, Cologne and other German cities. The burgomaster of Cologne was emphatic in the opinion that the insurance system had materially reduced the poor law expenses of that city, if not actually, at least relatively. In support of this statement, he cited the fact that during the period 1891 to 1895, before the insurance laws had become thoroughly effective, the outdoor poor law expenses amounted to 1,756 marks per 1,000 inhabitants, but had decreased to 1,636 marks during the next five years, 1896 to 1900, and further to 1,611 marks during the succeeding half decade, 1901 to 1905. Mr. Hoffman remarks: —

> Concerning the ever-increasing demand for more substantial support, of course this decrease is of importance, but it is hardly as much as might have been expected, considering the all-inclusive character of the government insurance system. For large expenditure on account of indoor treatment, the city is reimbursed by the sickness and accident insurance institutions, but the statements are not kept in such detail as would enable me to draw a really definite conclusion. In fact, it is candidly admitted that the statistical proof of the value of government insurance as a means of reducing poor law expenses cannot be furnished except in the case of a few localities.

Later, Mr. Hoffman obtained additional data regarding poor relief in Cologne, which hardly sustained the contention that government insurance had diminished pauperism. The per capita cost of outdoor poor support in Cologne increased from 5.07 marks in 1897 to 5.56 marks in 1902 and to 6.38 marks in 1907. Since much of the poor law support comes

from funds invested for that purpose, the net cost to the city was 3.42 marks per capita in 1897, 4.32 marks in 1902 and 5.29 marks in 1907. Mr. Hoffman observes, however, that, while the government insurance may not have diminished pauperism, it has no doubt been a check upon a still greater increase than has actually occurred.

The president of the imperial insurance office in Berlin is quoted by Mr. Hoffman as holding the opinion that a decided and general reduction of poor relief, as the result of government insurance, cannot be statistically established. On the other hand, however, this official called attention to the undeniable fact that a class which would otherwise have been forced to accept poor relief in illness, accident or old age, had been aided liberally through the insurance system. Mr. Hoffman adds, in reference to this opinion: —

> Still, a large amount of poor relief is necessary, and the poorhouse has not been abolished, as it has been claimed. Of course it must be kept in mind that in Germany the system of outdoor relief has always prevailed much more extensively than in England, where, after the repeal of the old poor law in 1834, indoor treatment, or poorhouse treatment proper, was made compulsory, very much as with us in former years. Outdoor relief in Germany, however, has the decided advantage of direct supervision and control through carefully selected honorary overseers, including men of the highest standing and capacity, who give freely their time and service as a matter of civic duty and civic pride.

Finally, Dr. Emil Münsterberg of Berlin, the most eminent authority in Europe on the subject of poor law administration, is cited by Mr. Hoffman as expressing agreement with the opinion that statistical evidence regarding the effect of social insurance upon the very poor and pauper classes cannot be produced. Mr. Hoffman observes: —

> But it is argued that it is not the primary intent of the insurance system to reach these classes, but rather to conserve the economic resources of the real wage-earning element in industry, and to keep this element from becoming a burden upon charity in sickness, accident or old age, rather than to lift the very poor and paupers out of their poverty.

The attitude of public opinion toward the compulsory insurance laws is characterized by Mr. Hoffman as favorable. He states: —

> There is much discontent with the administration of the insurance laws, but the system itself is so well thought of that repeal of the laws is out of the question. A reform of the system is demanded, not only by the social democrats, but also by the government, and a plan has been prepared which may be considered by the present Parliament. . . . Even the best-informed admit that a really definite and conclusive answer to many questions is practically impossible, but there is no dissenting opinion, even on the part of life insurance managers, that government insurance has resulted in far-reaching reforms, that it has been of vast benefit to the people and to the nation at large, and that it has come to stay. . . .
>
> The interests of capital and labor have certainly been harmonized remarkably in Germany, and, speaking from personal observation extending over a generation, the contrast of to-day with the past is truly marvelous. How far government insurance has had a share in this progress it is of course impossible to say; but all with whom I have discussed the subject are but of one mind, — that the effect, on the whole, has been decidedly for good. It is admitted that the system has not brought industrial peace, and that the socialists were never so powerful as they are to-day: it is conceded that there is much complaint and much discontent, but the evidence otherwise is superabundant that the skilled German workman in the large cities is decidedly well off in a material way, that he is well housed, well fed, and on the whole well paid. German industry, however, is not so prosperous as it has been, and it feels the burden of government insurance, and it dreads the danger of still heavier burdens of increased taxation resulting from the proposed reform in German finance and the proposed reform in the government insurance system. From the point of view of the employer of labor, it is a most serious risk to assume this tremendous burden; and, in the words of Dr. Zacher, if one has said *A* in this matter, one must say *B, C, D,* etc. That means, in other words, in time the system will be made to include unemployment insurance, widows' and orphans' pensions, and pensions or annuities for officials of semi-public corporations; and in all of this agitation there is one unmistakable note, and that is, that, whoever pays the additional cost, it is not to be the beneficiary, or, in other words, the workman; and such a doctrine, of course, in the end is destructive of every principle of self-reliance and self-help.

In April, 1909, the draft of a new insurance law was submitted by the chancellor to the Bundesrath. The bill in-

cludes 1,793 sections, 286 printed pages, and the explanation of the text, which is appended, makes 135 additional pages. The invalidity and old age insurance is extended to include adequate provision for dependent survivors, in case of death of the insured. In order to provide for this additional insurance, the rates of the weekly contributions are increased in the bill, according to the following table: —

| | |
|---|---|
| Wage class 1, . . . . . | from 14 to 16 pfennige. |
| Wage class 2, . . . . . | from 20 to 24 pfennige. |
| Wage class 3, . . . . . | from 24 to 30 pfennige. |
| Wage class 4, . . . . . | from 30 to 38 pfennige. |
| Wage class 5, . . . . . | from 36 to 46 pfennige. |

This law codifies the existing statutes, and co-ordinates the various branches of insurance into a complete system that shall furnish protection to the workingman in all the emergencies of life, except unemployment.

**(b) England.**

*Postal Annuities.* — The British postal insurance and annuity system was established in 1864. Before that date the National Debt Commission had the power to issue government life insurance in sums not exceeding £100. This provision was not utilized, however, as it was required that any person taking out insurance should also buy a deferred annuity or age pension. In 1864 a bill was introduced in Parliament authorizing the commissioners to grant insurance with no such condition attached. The outcome of the discussion of this proposal was the enactment of the postal annuities law of 1864. This measure was urged by Mr. Gladstone as a scheme for reducing the cost of insurance to working people below the rates charged by the private companies. He believed that the high expense of industrial insurance could be eliminated by making each post office an insurance agency for the issue of policies and the payment of premiums.

The act of 1864 authorized certain specified post offices to undertake the business of selling insurance and annuities under certain restrictions. The minimum and the maximum

limits of insurance were fixed at £20 and £100, and annuities at £4 and £50 per annum. In practice the scheme did not fulfil the expectations of its supporters. The wage earners made comparatively little use of the postal facilities for buying insurance and annuities. In 1882 a committee of the House of Commons was appointed to inquire into the working of the scheme. This committee reported that the system had been a comparative failure, for the following reasons: —

1. The absence of personal solicitation and collection, and the necessity of visiting post offices for the payment of premiums.

2. The limited number of post offices available for annuity and insurance business.

3. The maximum and minimum limits of amount.

4. The complicated nature of the formalities required.

The committee recommended the attachment of the insurance and annuity business to the savings banks, so that agents of the latter could be used for the payment of premiums and the business be transacted at every savings bank post office. These offices numbered 6,700, as against 2,000 post offices then available for the transaction of insurance and annuity business. Other recommendations called for increase of the maximum and reduction of the minimum limit, simplification of procedure, revision of the tables, and other changes.

The government annuities act of 1882, adopted as a result of the investigation, authorized the attachment of the insurance and annuity business to the savings banks, fixed limits of £5 and £100 for insurance, and of £1 and £100 per annum for annuities, and carried into effect other recommendations of the committee. The rates were considerably reduced at this time.

In June, 1892, the postmaster-general asked for authority to employ school teachers as agents for the postal insurance and annuity business. This proposal, together with others, was referred to an inter-departmental committee, which sat in 1893. This committee did not favor the plan; consequently, it was not adopted. The rates were reduced, however, and this reduction was followed by a sudden increase of

business in 1896. The increase was only temporary, and the business again began to decline, both as regards the number of policies issued and the amount of insurance.

Finally, in 1907, a departmental committee was appointed to consider the question of encouraging the post office insurance system. This committee, reporting in 1908, expressed the opinion that it was desirable to encourage the system, and recommended various measures to this end, as follows: —

1. An increase of the maximum amount of insurance to £300.

2. Provision for the payment of premiums at quarterly intervals, instead of in annual instalments.

3. Modification of the tables of premiums, to bring them into harmony with present requirements.

4. Disposal of the surplus funds for the benefit of existing insurants.

5. Investment of the funds in the most remunerative Parliamentary securities obtainable, instead of in consols, as now required by law.

6. Various measures to give publicity to the system, and thus promote wider utilization of its advantages by working people.

7. Extension of the scheme through co-operation with the friendly societies.

The main difficulty from which this scheme of voluntary insurance under State guarantee has suffered thus far appears to be the general disinclination of wage earners to take advantage of any scheme that is not forced upon their attention by agents. The committee of 1907 remarked, in this connection: —

> We are convinced that one of the chief causes of the stagnation of the system is to be found in the want of publicity from which it has suffered. We gather that the very existence of the system is unknown to the great bulk of the wage-earning classes; and those who have heard of it are very imperfectly acquainted with its convenience and cheapness.

The number of annuities issued through the post offices, which is the feature of the system which relates to old age

insurance proper, is very small. During the last ten years the average number of new annuity contracts issued has been about 150 per year, and the total amount of insurance represented has averaged only $15,000 per year. As compared with the business done by the private insurance companies, the results of the post office insurance system are insignificant.

*Old Age Pensions.* — The enactment of the old age pensions act, on August 1, 1908, to go into effect January 1, 1909, was the culmination of a movement that began about thirty years ago. The movement started with the publication of a scheme drawn up by the Rev. W. L. Blackley, Honorable Canon of Westminster, proposing the compulsory insurance of all persons, with sick pay and superannuation allowances after the age of 70 years. This scheme and others were investigated by a Select (parliamentary) Committee on National Provident Insurance, 1885–87, which reported against the adoption of any one of them. Since then five public commissions or committees have studied the subject of old age pensions, and have published voluminous reports. The final outcome of the prolonged investigation and discussion is the old age pension act of 1908.[1]

Two plans, besides Canon Blackley's scheme of compulsory assisted insurance, early engaged the attention of investigating commissions. One of these was Mr. Joseph Chamberlain's plan of voluntary assisted insurance; the other was Mr. Charles Booth's scheme of universal, non-contributory pensions. None of these proposals found much favor with the investigating commissions. The first Royal Commission reported in 1895 that it was "unable to recommend the adoption of any of the schemes as yet suggested," on account of financial and economic difficulties. Similarly, the Committee on Old Age Pensions, which reported in 1898, found grave objections to all the plans and declined to recommend any.

A scheme radically different from any before considered

[1] See "Report of Royal Commission on the Aged Poor," 1893–95, Lord Aberdare chairman; "Report of Committee on Old Age Pensions," 1896–98, Lord Rothschild chairman; "Report of Select Committee on Aged Deserving Poor," 1899, Mr. Henry Chaplin chairman; "Report of Departmental Committee on Aged Deserving Poor," 1899–1900, Sir E. Hamilton chairman; "Report of Select Committee on Aged Pensioners' Bill," 1903.

was formulated by the investigating Committee on Aged Deserving Poor, 1899. This committee reached the conclusion that the old age pensions ought to be restricted to the deserving poor, and accordingly proposed a plan of limited non-contributory pensions. Persons over 65 years of age, with incomes under 12s.[1] weekly ($3), who had neither committed a prison offence nor received poor relief within twenty years, were to be eligible as pensioners. This plan was worked over by the two later committees, and was finally laid before Parliament as the government measure of 1908.

The important questions that were threshed out in the course of the long debate over the numerous pension proposals were these three: Should the pension scheme be universal, or partial? Should it be compulsory, or voluntary? Should it be contributory, or non-contributory? The scheme as finally amended and adopted is partial, voluntary and non-contributory. The old age pension act provides for the payment of weekly pensions, not exceeding 5s. ($1.25), to persons over 70 years of age, — except wastrels, lunatics, paupers and criminals, — whose incomes from all sources do not exceed £31, 10s. per year ($157.50).

The universal principle was rejected, for various reasons. The enormous cost was regarded as practically prohibitive. It seemed to the investigators and legislators absurd, moreover, to offer pensions to well-to-do persons who had absolutely no need of such aid. And, finally, the indiscriminate grant of pensions to paupers and workers was thought to be dangerous, as likely to discourage thrift. The idea of compulsion was abandoned both because of the immense difficulties in the way of its practical application, and on account of the natural antipathy to compulsion on the part of the English working people. The contributory principle was given up partly on account of the trouble of administering it, but mainly because the theory had gained strong foothold among the supporters of pension measures that the members of the working class would really contribute to the funds from which the pensions were paid in the form of taxation and ser-

[1] For convenience of calculation, the shilling is estimated as equivalent to $0.25, the pound as equivalent to $5. The exact exchange value of the pound is $4.86.

vice in the industrial army. Mr. Lloyd George put this view of the case as follows: —

As long as you have taxes upon commodities which are consumed practically by every family in the country, there is no such thing as a non-contributory scheme. If you tax tea and coffee and partly sugar, beer and tobacco, you hit everybody one way or another. Indeed, when a scheme is financed from public funds, it is just as much a contributory scheme as one financed directly by means of contributions arranged on the German or any other basis. Again, a workman who has contributed by his strength and skill to the increase of the national wealth has made his contribution to the fund from which his pension is to come when he is no longer able to work.[1]

Thus, the idea that faithful service in the industrial army entitled the needy worker to public maintenance in old age was made the basal principle of the recent British legislation.

The statutory conditions for the receipt of a pension are: —

1. The person must have attained the age of 70.

2. He must satisfy the pension authorities that for at least twenty years he has been a British subject, and has had his residence in the United Kingdom.

3. His yearly means, as calculated under the act, must not exceed £31, 10s. ($157.50).

Aside from these conditions, certain disqualifications are laid down, namely: —

1. A person is disqualified for receiving or continuing to receive an old age pension: —

(*a*) While he is in receipt of poor relief, and until December, 1910, if he has at any time since January 1, 1908, received any such relief.

Provided, however, that the following shall not be considered as poor relief: —

(I) Any medical or surgical assistance supplied or recommended by a medical officer.

(II) Any relief by reason of the maintenance of any dependent of the person in lunatic asylum, infirmary or hospital, or by reason of the payment of expenses of the burial of a dependent.

[1] See "Outlook," July 18, 1908, p. 591.

(III) Any relief which by law is declared not to disqualify for the parliamentary franchise.

(*b*) If he has habitually failed to work, according to his ability, opportunity and need, for the maintenance of himself and those dependent upon him. Provided, that the person shall not be disqualified if he has continuously, for ten years prior to attaining the age of 60, made such provision against old age, sickness and so on as may be recognized to be proper for the purpose of regulations under the pensions act.

(*c*) While he is detained in any lunatic asylum.

(*d*) During the continuance of any period of disqualification imposed in consequence of conviction for an offence.

2. A person who has been, before the passing of the act or thereafter, convicted of any offence and ordered to be imprisoned without option of a fine, shall be disqualified while he is in prison, and for ten years after his release.

3. A person of 60 years of age or upwards, who has been convicted under the inebriates act, is not necessarily disqualified; but the court may, if he think fit, order such person to be disqualified for a period not exceeding ten years.

The amount of the pension is 5s. ($1.25) weekly for all beneficiaries whose yearly incomes do not exceed £21 ($105). The pension is reduced by 1-shilling stages for those whose incomes are above £21 and below £31, 10s. ($157.50), and ceases when the latter limit is reached. The schedule for this sliding scale is as follows: —

| Means of Pensioner. | Rate of Pension Per Week. | |
|---|---|---|
| | s. | d. |
| Where the yearly means of the pensioner, as calculated under this act: — | | |
| Do not exceed £21 ($105), . . . . . | 5 | 0 |
| Exceed £21, but do not exceed £23, 2s., 6d. ($115.12), . . | 4 | 0 |
| Exceed £23, 12s., 6d., but do not exceed £26, 5s., 0d. ($131.25), | 3 | 0 |
| Exceed £26, 5s., 0d., but do not exceed £28, 17s., 6d. ($143.37), | 2 | 0 |
| Exceed £28, 17s., 6d., but do not exceed £31, 10s., 0d. ($157.50), | 1 | 0 |
| Exceed £31, 10s., . . . . . | No pension. | |

The machinery for administering the act includes local pension committees, a central pension authority and pension officers. A local pension committee is appointed for every borough and urban district having a population of 20,000

or over, and for every county, by the council of borough, district or county. The central pension authority is the local government board. The pension officers are appointed by the treasury. The regulations regarding evidence, presentation and determination of claims and procedure of committees are prescribed by the treasury, in conjunction with the local government board and the postmaster-general. Claims for pensions are presented and pensions are paid through the post offices. The penalty for false statements or misrepresentation, in order to qualify for a pension, is imprisonment for a term not exceeding six months, with hard labor. The amount required for the payment of pensions and the administration of the act is "paid out of moneys provided by Parliament;" that is to say, the cost of the scheme is defrayed by general taxation.

The administrative provisions of the act are described in Part I. of the annual report of the local government board for 1908–09, as follows: —

The procedure to be followed by a claimant for an old age pension and the method of dealing with a claim may be briefly referred to. A form of claim may be obtained at any post office, and in it the claimant is required to state his full name and postal address, occupation, sex, whether married or single, widower or widow, age, date of birth, and place where born, whether the claimant is a British subject and has lived for the last twenty years in the United Kingdom, and certain particulars as to his means. The claimant must sign the form, or, if he cannot write, make his mark, and his signature or mark must be witnessed by some other person. A postmaster is required to give any necessary information and assistance to a person desiring to make a claim. The claims may be handed in at the post office at which the claimant wishes the pension to be paid, for transmission to the pension officer, or be sent to the pension officer by the claimant. The pension committee of the district may direct that claims shall be sent to them in the first instance, and in such a case they transmit them to the pension officer.

On receiving the claim, the pension officer proceeds to investigate the statements made therein, and by personal inquiry of the claimant and in other ways ascertains whether or not the claimant satisfies the statutory conditions, and is in all respects entitled to a pension. The claim with his report on it is then sent by him to the pension committee. In the report the pension officer recommends that the

claim should be allowed, and, if so, at what rate of pension, or disallowed, giving the reason in the latter case.

The committee consider the claim not later than seven days after the receipt of the pension officer's report. Notice of the meeting for considering the claim must be given to the pension officer, and he is entitled to attend the meeting and to speak, but not to vote thereat. If the committee think that further information is necessary, they may ask the pension officer to procure it.

The committee then proceed to allow or disallow the claim. Before giving a decision adverse to the claimant the committee must give him an opportunity of being heard, unless a previous claim has been made and disallowed within the previous four months, or the claim on the face of it discloses that the statutory conditions are not fulfilled.

The claimant on receiving notice may attend and be heard at the meeting.

Notice of the committee's decision must be sent forthwith to the pension officer and the claimant.

If a pensioner considers that he is entitled to a higher rate of pension than has been allowed, he may raise a question by submitting a statement of the case to the pension officer. The pension officer may raise a question as to the continuance of the fulfillment of the statutory conditions in the case of a pensioner, or as to the disqualification of the pensioner, or as to the weekly rate of pension to which the pensioner is entitled; and he must take into consideration any representation by any person that such a question should be investigated. The pension officer reports on any such question and submits it to the committee, who are required to consider and determine the question as if it were a claim.

Provisions are further made for appeal to the local government board against decisions of committees.

The number of pensioners who qualified under the act and the total expense of the measure considerably exceed the official estimates prepared prior to the enactment of the law. According to tables prepared by the registrar-general, printed in the last blue book relating to old age pensions, 1907,[1] the estimated population over 70 years of age in that year was 1,254,286; the number of persons over 70 for the year 1911 is estimated 1,286,264; the number of persons who would be pensionable under such a measure as the old age pension

[1] "Old Age Pensions. Tables prepared in Connection with the Question of Old Age Pensions, with Preliminary Memorandum," 1907, p. 31.

act now in force is estimated at 395,931 for the same year. This calculation was based on the assumption that 896,333 persons over 70 years of age would be disqualified for the receipt of a pension as paupers, aliens, criminals, lunatics, or on the ground of possession of an income of more than 10s. a week, or on account of inability to comply with the thrift test. The total cost of the pension scheme for persons over 70 years of age was estimated at £6,273,292 ($31,366,460).

The report of His Majesty's Inland Revenue Commissioners for the year ending March 31, 1909, the latest official publication giving statistics of the pension act, shows that in the first three months of the operation of the law 647,494 pension claims were allowed. This total included 369,037 for England and Wales, 183,500 for Ireland, 70,294 for Scotland and 24,663 for Wales. Later figures concerning the number of pensioners and the amount of expenditure are given in a consular report by Consul-General John L. Griffiths of London, under date of November 26, 1909. These figures cover the first eight months of the operation of the act, ending August 31, 1909. The total number of pensioners is stated as 667,000, including 410,000 for England and Wales, 184,000 for Ireland and 73,000 for Scotland. The total expenditure for the eight months is given as $26,298,565. It thus appears that the number of pensioners at this date exceeded by 270,000 the preliminary official estimate for 1911. The expenditure was at the rate of about $40,000,000 a year, or approximately $10,000,000 more than the original calculation.

The excess of the number of pensioners and the cost of the pensions over the preliminary estimates is undoubtedly to be explained by the difficulty of enforcing exactly the conditions of eligibility prescribed in law. Manifestly it is not possible to administer with uniform precision the income qualification or the thrift test. The mere determination of age also gives rise to grave difficulties. When the bill was passed it was estimated that there were 173,000 persons in Ireland 70 years of age or over, of whom a considerable proportion would be disqualified for pensions under the act. There are now

184,000 pensioners in Ireland, or 11,000 more persons than the estimated total population over 70 years of age.

The civil service estimate of the probable expenditure under the pension act for the year ending March 31, 1910, is as follows: —

| | | |
|---|---|---|
| Pensions, . . . . . | £8,700,000 | ($43,500,000) |
| Expenses of administration, . . . | 325,400 | (1,627,000) |
| Total, . . . . . | £9,025,400 | ($45,127,000) |

**(c) Denmark.**

A unique system of old age relief or pensions was established in Denmark in 1891. It might be described briefly as a scheme of outdoor relief for the deserving aged poor. The object of the enactment was to assist respectable old persons to maintain themselves without seeking relief as paupers, and thus forfeiting their civil rights.

The bill for the establishment of old age relief was introduced by the Conservative party in the hope of preparing the way for a reconciliation with the moderate and radical Liberals. The Social-Democrats opposed the scheme at first, fearing that, if successful, it might deprive them of partisans. In the course of time, however, they abandoned their opposition, and after the passage of the law, April 9, 1891, they gave it their unqualified support.

The pensionable age is 60 years, which is the lowest limit fixed in any public pension scheme now in operation. Numerous conditions of eligibility for the receipt of old age relief are prescribed. The applicant must be unable to provide the necessaries of life, or proper treatment in case of sickness, for himself and those dependent upon him. He must "not have undergone sentence for any transaction generally accounted dishonorable, and in respect to which he has not reached rehabilitation." His poverty must not be due to his own fault. He must for ten years have had a fixed residence; must not have been sentenced for begging or vagrancy; must not have received poor relief. Persons over 60 years of age at the time the law came into operation are,

however, not disqualified on account of the receipt of poor relief, provided that the relief began after the sixtieth year.

The amount of old age relief is not definitely fixed. The local authorities decide the nature and the amount of the assistance to be given in each individual case. The law simply provides that the relief "must be sufficient for the support of the person relieved and for his family, and for their treatment in case of sickness;" but it may be given in money or in kind, as circumstances require, or may consist of free admission into a suitable asylum or other establishment intended for that purpose. In the city of Copenhagen old age relief is usually given in the form of money; in the country, where the recipients are known to the authorities, it is usually given in the form of food, fuel or rent. When the relief is supplied in cash, the maximum amount is about 200 kroner[1] ($50); the minimum amount, about 50 kroner ($12.50) annually.

The expenses of old age relief are divided between the communes and the State in equal shares, the former paying the entire amount in the first instance, and receiving at the end of the year reimbursement of one-half from the State treasury. The total grant for old age relief was, however, limited to 2,000,000 kroner ($500,000) in the original act. This amount was found to be insufficient to reimburse the communes for one-half of their expenditures under the act, and in 1899 the limit of the State subsidy was raised to 2,500,000 kroner ($625,000), and in 1902 the limit was abolished altogether. There is now no restriction on the annual amount of the State appropriation for old age relief.

The number of pensioners under the act in 1908, the last year for which returns are available, was 71,185. The population of Denmark in 1906 was 2,605,268. The total amount expended was 8,805,595 kroner ($2,201,398). An examination of the statistics of the operation of the system discloses these striking facts: —

1. The number of recipients of old age relief has increased rapidly, at the rate of 4 to 5 per cent. annually, while the

[1] One krone equals $0.268.

population has grown only at the rate of ½ to 1 per cent. The number in 1893 was 43,826; in 1908, 71,185.

2. The expenditure has risen in even greater proportion. In 1893 the total was 2,963,086 kroner ($741,000); in 1908, 8,805,595 kroner ($2,201,398).

3. At the same time, the expenditure for ordinary poor relief has also increased in recent years. When the old age relief system was established, it was expected that the cost of poor relief would decrease to some extent, if not proportionately to the grant of old age relief. For a few years this expectation was realized. Since 1896, however, the amount expended for poor relief has steadily increased, and in 1907 the amount thus expended exceeded the expenditure for 1890 by nearly 1,000,000 kroner ($250,000). The total expenditure for poor relief in 1896, when it reached low level, was 7,104,000 kroner ($1,776,000); in 1907 it was 9,177,474 kroner ($2,294,368).

**(d) Belgium.**

The Belgian old age pension act, adopted May 10, 1900, is a comprehensive scheme of assisted insurance and non-contributory pensions. The law has a two-fold object: first, to encourage working people to save, by assisting them, through State contribution, to obtain small annuities for old age; second, to help the needy aged through special grants.

The privileges of the assisted insurance are confined to persons insured at the Superannuation Fund Bank, a savings institution under State control, established in 1850. The insured must be of Belgian nationality, and over 16 years of age. Further, those who pay in taxes and licenses certain minimum sums are excluded from the benefits of the insurance scheme. Those who come under the provisions of the law are aided by the State to secure annuities not exceeding 360 francs ($72), payable at the age of 65 years. The amounts contributed by the insured and by the State are calculated in each case with the aim of providing this particular amount of annuity. The State makes the contributions in the form of premiums added to the sums paid by the insured. The State ceases to grant premiums when the sums credited to

the insured person are sufficient to guarantee him an annuity of 360 francs[1] ($72).

The premiums paid by the State are graded according to the age of the insured. To illustrate: insured persons who were born after January 1, 1860, are granted premiums of 60 centimes per franc ($0.12) on the first 15 francs which they pay each year; they can therefore obtain total premiums amounting annually to 9 francs ($1.80). Persons born before January 1, 1860, are divided into three classes, with an ascending scale of premiums. Persons born before January 1, 1850, the third class, receive a premium of 2 francs ($0.40) on each of the first 6 francs ($1.20), and 60 centimes ($0.12) on each franc thereafter up to 24 francs ($4.80); they can therefore obtain total premiums amounting annually to 28.80 francs ($5.76). This scheme of subsidizing thrift by supplementing individual savings through State contributions has proved very popular. The number of persons insured under the system in 1906 was 850,000.

The non-contributory pensions are paid to persons over 65 years of age who satisfy the following conditions: —

1. The applicant must be a Belgian subject by birth, naturalization or marriage.

2. He must have been during at least one year prior to the application a resident of Belgium.

3. He must be, or must formerly have been, a workman, or the wife or widow of a workman.

4. He must be in want, — which means, under the interpretation in the act, unable to maintain himself in the average condition of the workingman of the district engaged in the same trade. In no case is the application of a petitioner entertained if, being single, he has a revenue of 360 francs ($72) per annum; or, being married, a family income of 600 francs ($120) per annum.

The amount of the pension is small, namely, 65 francs ($13).

The law is administered by local committees acting under regulations prescribed by the Minister of Industry and Labor. Appeal may be taken from a committee's decision to the Governor of the Province.

[1] One franc equals $0.1893; 100 centimes equal 1 franc.

The number of pensions paid under the non-contributory branch of the Belgian system in 1906, the last year for which figures could be obtained, was 210,000. The total number of persons receiving assisted insurance or pensions was 1,060,000, out of a population of 7,238,622. The annual expenditure amounted to 15,000,000 francs ($3,000,000).

(e) France.

France has long had a system of voluntary, contributory old age insurance, like the Belgian plan, administered through a National Insurance Bank, with a State guaranty. The bank was established in 1850, and the system has been extended and perfected by later legislation. It need not be described further, as it is essentially identical with the Belgian plan, already outlined.

A system of State aid for incapacitated and superannuated workers was instituted by an act of July 14, 1905, which went into effect January 1, 1907. This new scheme is not strictly a pension or insurance system, but rather a scheme of outdoor relief for certain classes of the aged poor. The assistance is given to Frenchmen over 70 years of age who are incapacitated for labor, and to Frenchmen under 70 years of age who are suffering from an incurable infirmity or disease. The amount of the assistance is not less than 60 francs ($12) a year, and not more than 240 francs ($48) a year. The assistance may be given in money, in the form of hospital treatment, or other suitable provision. The expense is divided between the commune, the department and the State, according to the domicile of the beneficiary. The condition of acquiring a domicile for purposes of the act is five years' residence in a commune or in a department. Persons without communal or departmental domicile receive their pensions from the State. In the case of persons with communal domicile, a part of the expense is borne by the commune and the remainder by the department and the State. In the case of those with departmental domicile, the expense is divided between the department and the State. In the case of those without either kind of domicile, the pension is paid by the State. The assistance is administered through

local poor relief offices. In the commune the ordinary local revenues are drawn upon for the pension expenditure, but if these are insufficient special rates are levied. The commune also receives a pension subsidy from the department and another from the State. The scheme of estimating subsidies is designed to assist the poorer communes and departments through contributions from the richer communes and departments. The system has been in operation so short a time that detailed statistics of the scope and cost of the old age relief are not obtainable. The total expenditure in 1907, the first year of operation, was about 60,000,000 francs ($12,000,000).

Since 1891 the French Chamber of Deputies has had under consideration a proposal for the establishment of a general old age pension system. The measure has been considered by several committees which have reported numerous amendments. February 24, 1906, the bill was finally passed by the Chamber of Deputies by an overwhelming vote. The essential principles of the scheme were two: the participation was obligatory on all workers; and the expenses were provided for by joint contributions from employer, employee and State. The pensionable age was fixed at 60 years. The bill as adopted by the Chamber was transmitted to the Senate, and by that body was submitted to a special commission for thorough examination. This commission reported an amended measure in 1909. The essential principles of the bill as passed by the Chamber of Deputies are retained in the revised draft; that is, the scheme is compulsory and contributory. The pensionable age was advanced to 65 years. At this writing the bill had not yet been passed by the Senate.[1]

The Senate bill provides for the payment to all workers who reach the age of 65 years of an annual allowance made up of two parts: (1) an annuity provided by the contributions of the beneficiary himself, and supplemented by an additional subvention of one-third of the amount of the annuity by the State; (2) a pension of 120 francs ($24) per year, provided through contributions by the employer and the State. The

[1] December 28, 1909.

amount of the employee's contribution is 6 francs ($1.20) yearly; that of the employer, 9 francs ($1.80) yearly. The State contributes an amount sufficient to pay the additional subvention of one-third of the amount of the annuity and provides the fixed pension of 120 francs, so far as the employers' contributions are not sufficient for this purpose.

It is interesting to observe that, while the proposed scheme is based on the compulsory principle, the expression of opinion by employers, employees and others, in reply to an inquiry instituted by the Senate commission, was opposed to that principle. Of the employers who replied to the inquiry of the commission, 74 per cent. voted against obligatory contributions by the employers, and 69 per cent. against obligatory contributions by the employees. Of the employees who replied, 54 per cent. voted against obligatory contributions by wage earners, but only 23 per cent. against obligatory contributions by employers. The total vote of employers, employees and other persons interrogated was about 60 per cent. against obligatory contributions by employers or employees. The adoption of the compulsory principle, in spite of this unfavorable expression of opinion, seems to have been brought about by a conviction on the part of the members of the commission that any voluntary pension scheme must fail to reach the mass of the wage-earning population, and thus fall short of an effective solution of this problem.

### (f) Italy.

Italy has a system of voluntary, contributory insurance, subsidized by the State, which was established by an act of July 17, 1898, and amended by later legislation in 1901, 1904 and 1906. In the beginning the government made an appropriation of 10,000,000 lire[1] ($2,000,000) and set aside certain revenues for the insurance fund. The scheme provides for the payment of annuities after the age of 60 in the case of men, and 55 in the case of women. A contributory period of twenty-five years is required. The payment of annuities after five years of contribution to the fund is allowed in the event of permanent invalidity. The amount

[1] One lira equals $0.193.

of annuities ranges from a minimum of 120 lire ($24) to 360 lire ($72). The details of the plan are substantially the same as those of the Belgian system of assisted insurance previously described. The number of persons insured in 1907 was 330,000, out of a total population of 32,475,253.

### (g) New Zealand.

The old age pension act of New Zealand, passed November 1, 1898, and amended in 1900, 1901, 1902, and 1905, provides a system of non-contributory pensions. The age limit is 65 years. The maximum pension was originally £18 ($90) a year, but this was increased by the amending act of 1905 to £26 ($130) a year, or 10s. ($2.50) a week. The following classes are disqualified from receiving pensions: Maoris who receive grants under the civil laws act, aliens, natural subjects who have not been naturalized one year, and Chinese or other Asiatics, whether naturalized or not.

Applicants must satisfy also these further requirements: —

1. The applicant must have resided in the colony for at least twenty-five years, with limited privileges of absence.
2. He must not during the twelve years prior to his application have been imprisoned for four months, or on four occasions, for an offence punishable by a year's imprisonment.
3. He must not during the past twenty-five years have been in prison for five years for any offence.
4. He must not during the past twelve years have deserted his wife and children.
5. He must be of "good moral character," and for five years preceding his application must have led "a sober and reputable life."
6. He must not have deprived himself of property, directly or indirectly, in order to qualify for a pension.
7. His yearly income must not exceed £60 ($300), including pension.
8. The net value of his accumulated property must not exceed £260 ($1,300).

The conditions of granting pensions under the New Zealand act are, it will be observed, more liberal than those laid down in the recent British act in several respects: the age limit is five years lower; the amount of the pension is twice as large; and no pauper disqualification is prescribed.

The administration of the act is under the direction of the registrar at Wellington, responsible to the Colonial Treasury. The colony is divided into seventy-four districts, each under a deputy registrar, who in the cities is the paid officer of the old age pension department. All claims are investigated by stipendiary magistrates, who have power to grant or refuse pensions. Each pension is granted for twelve months, and a new application must be made yearly for renewal. The pension is payable monthly at the local post offices, on personal application of the pensioner. Pensions granted to persons in charitable institutions are paid to the governing bodies of such institutions.

The number of pensioners at the close of the fiscal year, March 31, 1909, was 14,396, out of a total population of about 1,000,000. The payments on account of pensions during that year amounted to £336,760 ($1,683,800). The expenses of administration for the year were £9,098 ($45,490). A survey of the figures relating to the operation of the act since its passage shows that the number of pensioners has increased steadily, but not with notable rapidity; and that the amount paid in pensions has increased greatly, being in 1909 more than twice as large as in 1899. The latter fact is due in large measure to the increase of the amount of the pension from £18 to £26 a year in 1905.

The effect of the pension act on expenditure for poor relief has been to reduce somewhat the amount spent on outdoor relief. The expenditure for indoor relief, however, has increased notably since the act went into operation. Thus the total expenditure for poor relief has risen considerably. The following table shows the cost of outdoor and indoor relief since the pension act was passed: —

Outdoor Relief.

| Year ending March 31. | Total Cost. | | Cost per Head. |
|---|---|---|---|
| | | | s. d. |
| 1898, | £50,821 | ($254,105) | 1 4½ |
| 1899, | 50,850 | (254,250) | 1 4½ |
| 1900, | 41,796 | (208,980) | 1 1½ |
| 1901, | 42,181 | (210,905) | 1 1 |
| 1902, | 38,934 | (194,670) | 0 11¾ |
| 1903, | 43,421 | (217,105) | 1 0¾ |
| 1904, | 42,618 | (213,090) | 1 0½ |
| 1905, | 40,799 | (203,995) | 0 11½ |
| 1906, | 39,547 | (197,735) | 0 10½ |
| 1907, | 36,532 | (182,660) | 0 9½ |

Indoor Relief.

| | | | |
|---|---|---|---|
| | | | s. d. |
| 1898, | £35,251 | ($176,255) | 0 11½ |
| 1899, | 42,220 | (211,100) | 1 1½ |
| 1900, | 35,812 | (179,060) | 0 11¼ |
| 1901, | 37,692 | (188,460) | 0 11¾ |
| 1902, | 49,914 | (249,570) | 1 3 |
| 1903, | 49,737 | (248,685) | 1 2½ |
| 1904, | 46,613 | (233,065) | 1 1¾ |
| 1905, | 52,539 | (262,695) | 1 2½ |
| 1906, | 63,726 | (318,630) | 1 5 |
| 1907, | – | – | – – |

**(h) New South Wales.**

An old age pension system was established in this colony by the act of December 11, 1900, modelled after that of New Zealand. The act repeated the preamble of the New Zealand statute: "Whereas, it is equitable that deserving persons who during the term of life have helped to bear the public burden of the Commonwealth by the payment of taxes, and by opening up its resources by their labor and skill, should receive from the colony pensions in their old age," etc. Besides old age pensions, New South Wales also established invalidity and accident pensions in 1907.

The provisions of the system were substantially the same as those of the New Zealand act. The pensionable age was 65. The amount of the pension was £26 ($130.) New South Wales adopted this higher rate at the outset, not starting with the lower rate of £18 ($90), as did New Zealand and Victoria. The qualifications for the receipt of a pension were also practically identical with the New Zealand requirements.

The plan of administration, however, differed somewhat from the New Zealand method. The colony was divided into districts. The central authority was a board of three persons, subject to the control of the colonial treasurer. The district administration was in the hands of boards of three persons appointed by the governor. There was a central registrar, and there were deputy registrars for each district. This board system was criticised as expensive and ineffective. The central board in its report for the year 1901–02 pointed out that the system tended to increase the number of pensioners and the expense of administration, as compared with the conditions in New Zealand and Victoria. The number of old age pensioners in June, 1909, was 22,110, out of a total population of over 1,580,000. The amount disbursed in pensions was £526,835 ($2,634,175). The cost of administration was £25,141 ($125,705). Regarding the effect of the pension system on poor relief and institutional expenditures, Mr. J. L. Williams, Under Secretary of Justice, stated: —

> The class of persons in our benevolent asylums — there are no workhouses on the English system in this State — are, as a rule, too helpless to look after themselves, and are, therefore, not capable of living on a pension. There is, however, a constant flow of old age pensioners into and out of these institutions, as well as hospitals. The old age pension system has not shown any indication of supplanting the asylums.

The old age pension system of New South Wales was superseded July 1, 1909, by the general act for the Commonwealth of Australia, which went into effect on that date.[1]

[1] See p. 112.

### (i) Victoria.

Victoria followed the example of New Zealand and New South Wales in establishing an old age pension system in 1901. Two tentative acts were passed January 18, 1901, and these were superseded by the general statute of December 11, 1901. This act was amended by the law of October 8, 1907, which increased the amount of the pension from 8s. ($2) per week to 10s. ($2.50) per week. The preamble of the Victorian act was even more explicit and emphatic than that of the New Zealand and New South Wales statutes in declaration concerning the obligation of the State to support the aged poor. It read: "Whereas, it is the duty of the State to make provision for its aged and helpless poor," etc.

The pensionable age in Victoria and the amount of the pension were the same as in the other colonies, namely, 65 years and £26 ($130) respectively. The qualifications laid down for the receipt of a pension were, however, somewhat different and more detailed. Aliens, Chinese and other Asiatics, aboriginal natives of Australia or New Zealand and British subjects who had not been naturalized for six months were disqualified. The statutory requirements were: —

1. The candidate must have been a resident of Victoria for twenty years.
2. He must not have been absent from the colony more than five years during the time in which the twenty years commenced to run, and must have resided in Victoria continuously for not less than five years immediately preceding the date of this application.
3. He must not have been convicted of drunkenness three times, imprisoned for six months during the five years preceding his application, or for three years during the twenty years preceding.
4. He must not have deserted his wife or neglected to support his family.
5. He must not be in receipt of a weekly income of 8s. or upwards, or own property of £160 ($800) or upwards.
6. He must not have deprived himself of property or income in order to qualify.
7. He must have made reasonable efforts at self-support.
8. He must not have relatives that are able to provide for him, and must be unable to maintain himself.

The administration was under the direction of a registrar of old age pensions, appointed by the governor, and subject to the control of the treasurer. This centralized system of administration worked more satisfactorily than the decentralized method in New South Wales. The Royal Australian Commission on Old Age Pensions of 1905 contrasted the administration in Victoria and that in New South Wales thus: —

> The New South Wales act has been described as cumbersome and defective. The cost of administration, as contrasted with the expense in Victoria and in New Zealand, is noteworthy. The extra cost is said to be due to the system of administration by boards, and the large amount paid to a bank for disbursing pensions. . . . In Victoria the cost of administration is low, and the act has been carefully administered, owing to the stringent character of the investigations made, particularly as to the ability of children to support parents who are claimants for pensions. The number of pensioners is decreasing.

The number of pensioners in Victoria was 12,368 in 1909, out of a population over 65 years of age of 66,452; while New South Wales had 22,110 pensioners out of an aged population of 47,426.

The total population of Victoria was about 1,230,000. The amount paid in pensions was £264,971 ($1,324,855). The cost of administration was £1,905 ($9,525). As in New South Wales, the pension system appears not to have reduced the outlay for aged poor. Mr. H. W. Meakin, treasurer of the colony, states: —

> The introduction of the old age pension system in this State has had no appreciable effect on the charitable institutions. The only institutions that would be likely to be affected are benevolent asylums. For the year prior to the introduction of the old age pension system the total cost of these institutions was £38,837 ($194,185), and the average cost was £12, 14s., 2d. ($61) per bed for daily average of inmates; and for the last year the figures were £39,711 ($198,555) and £14, 0s., 5d. ($70), respectively. The increased cost, however, is explained by the fact that the inmates are more liberally treated now than they were previously.

The Australian Royal Commission of 1905 drew the following conclusions regarding the relation of a pension system to poor relief in the colonies: —

The amounts voted for charities by the governments of New South Wales and Victoria, where old age pension acts are in existence, have not been appreciably reduced in consequence of the passing of those acts. It is stated by witnesses that the old age pensions acts have provided almost entirely for a different class of persons. It is, however, not to be expected that so soon after the establishment of old age pensions in the States mentioned any marked change would be apparent. In nearly all the States the majority of old people obtaining relief are accommodated under the barrack system; and after spending years in public institutions, a large percentage become so dependent on others that they are unable to care for themselves. It has been shown that in numerous cases the granting of pensions, with the consequent removal of inmates from asylums, has been exceedingly harmful, and that many of them have drifted into most undesirable quarters, and suffered neglect and privation.

The Victorian old age pension scheme also went out of existence July 1, 1909, when the Australian act took effect.

**(j) Australia.**

The Commonwealth of Australia finally provided for a system of old age pensions by an act passed June 10, 1908, to take effect July 1, 1909. The establishment of a general system of old age pensions for the Commonwealth was thought to be necessary in the interest of deserving residents, who were unable to qualify for pensions under the laws of the colonies having pension systems. The Royal Commission of 1905 declared in its report: —

It is desirable that a Commonwealth system of old age pensions should be established at an early date. In those States in which old age pension acts are in force, a very deserving class of persons have availed themselves of pensions offered. . . . There is a consensus of opinion that old age pensions should be under the control of the Commonwealth, and your commissioners have been made aware of the fact that many necessitous and otherwise qualified persons are unable to obtain pensions in New South Wales or Vic-

toria, from not having lived a sufficient number of years in either State. Many of these aged people have resided in Australia for a much longer period than the qualified time fixed by the acts of those States.

The commission, accordingly, recommended a system of old age pensions for the Commonwealth, " to be granted as a right, and not as a charity."

The Australian old age pension act, based on the recommendations of the Royal Commission, provides for the grant of pensions not to exceed £26 ($130), at the age of 65, to persons whose incomes from all sources do not exceed £52 ($260) per annum. It is further provided that the age at which women may receive an old age pension may be lowered, by proclamation of the governor-general, to 60 years. The following persons are expressly disqualified for the receipt of pensions: aliens, persons who have not been naturalized for a period of three years next preceding the date of pension claim, Asiatics or aboriginal natives of Australia, Africa, New Zealand or the islands of the Pacific.

The statutory requirements for the receipt of a pension, in the case of persons not disqualified on one of these grounds, are thus defined: —

1. The applicant must be a resident of Australia on the date when he makes his claim to a pension.

2. Must have so resided continuously for at least twenty-five years.[1]

3. Must be of good character.

4. If a husband, must not for twelve months or upwards during five years immediately preceding that date, without just cause, have deserted his wife, or without just cause failed to provide her with adequate means of maintenance, or neglected to maintain any of his children being under the age of 14 years; or, if a wife, must not for twelve months during five years immediately preceding such date, without just cause, have deserted her husband, or deserted any of her children being under 14 years of age.

5. The net capital of his accumulated property, whether in or out of Australia, must not exceed £310.

6. Must not directly or indirectly have deprived himself of property or income in order to qualify for or obtain a pension.

[1] This was changed to twenty years by an amending act of August 13, 1909.

7. Must not at any time within six months have been refused a pension certificate, except for the reason that he was disqualified on account of his age, or for reasons which are not in existence at the time of the future application.

It is provided that an occasional absence from Australia, not being in the aggregate one-tenth of the total period of residence, shall not be taken into account for purposes of the act.

The amount of pension shall be "at such rate as, having regard to all the circumstances of the case, the commissioner or deputy commissioner who determines the pension claim deems reasonable and sufficient." The maximum amount, however, is limited to £26 ($130) per annum; and it is further provided that no pension shall be paid of such amount as to render the pensioner's total income, inclusive of pension, more than £52 ($260) per annum. In case the pensioner has accumulated property, the amount of pension is subject to these deductions: first, £1 for every £10 by which the value of the property exceeds £50, except where the property includes a home, in which the pensioner himself resides, and from which he draws no income; second, £1 for every £10 by which the value of the property exceeds £100, in case the property includes a home, in which the pensioner resides and from which he draws no income. It is further provided that where both husband and wife are pensioners, the deductions shall be for excess over £25 and £50 respectively, under the circumstances described above.

In a special section of the act provision is made for invalid pensions. This part, however, does not become effective until so ordered by proclamation. The disqualifications and the requirements for the receipt of an invalid pension are similar to those laid down for old age pensions.

The administration of the act is entrusted to a commissioner of pensions for the Commonwealth, assisted by a deputy commissioner for each State, and registrars for each of the pension districts into which the Commonwealth is to be divided by the commissioner, under the provisions of the act.

Elaborate provisions are made for the presentation of pension claims and their investigation by the officials. In general, any person desiring a pension shall submit a pension claim to the registrar of the district in which he resides. The latter then makes an investigation, and refers the claim, with a full report of the result of the investigation, to a magistrate. The magistrate is empowered either to recommend the acceptance of the claim, or to postpone action for further evidence, or to recommend its rejection. The recommendation of the magistrate is endorsed upon the claim, which is then returned to the registrar, who transmits it to the deputy commissioner. The latter, or in some cases as provided in the act the commissioner, finally pronounces upon the claim, and, if the decision is favorable, determines the rate of pension and the date of commencement, and issues a pension certificate in a prescribed form.

Pensions may be withdrawn at the discretion of the registrar from persons who misspend their income, or otherwise show themselves unfit for the further enjoyment of a pension. In case a pensioner becomes an inmate of an insane asylum or a benevolent home, the pension is suspended during the time he remains in the institution. If a pensioner leaves Australia permanently, the pension is forfeited.

The Australian pension act supersedes the pension systems of the States of New South Wales, Victoria and Queensland.[1] The latter became inoperative when the new law went into effect. The act applies to the entire Commonwealth, including the States of New South Wales, Victoria, South Australia, West Australia, Queensland and Tasmania.

The number of pensioners in December, 1909, was 60,432, out of a total population of 3,832,760. The preliminary estimate of the number of pensioners, prepared by the statistician of the Commonwealth in March, 1909, was 58,100. The number of pensioners already exceeds this estimate by over 2,000, and it is expected that the number will increase before the end of the first year of operation to 70,000. The

[1] The pension system of Queensland, which is not described in this report, had a life of only twelve months, having gone into effect July 1, 1908.

figures as to the working of the act at the present time are as follows: —

| Name of State. | Commonwealth Pensions granted. | State Pensions transferred. | Pension Claims now under Consideration. |
|---|---|---|---|
| New South Wales, . . . | 3,003 | 21,619 | 763 |
| Victoria, . . . . . | 7,225 | 11,944 | 173 |
| Queensland, . . . . . | 1,291 | 6,638 | 159 |
| South Australia, . . . . | 4,225 | – | 1,437 |
| West Australia, . . . . | 1,716 | – | 390 |
| Tasmania, . . . . . | 2,771 | – | 259 |
| Totals, . . . . . | 20,231 | 40,201 | 3,181 |

**(k) Canada.**

The Canadian Parliament passed, July 20, 1908, an act authorizing the issue of government annuities for old age. This system of assisting working people to provide for old age is purely voluntary and contributory, differing widely from the Australasian old age pension systems. The act declares in the preamble: "Whereas, it is in the public interest that habits of thrift be promoted, and that the people of Canada be encouraged and aided thereby, so that provisions may be made for old age; and Whereas, it is expedient that further facilities be offered for the attainment of the said objects," etc. The law provides that the minister of trade and commerce may make contracts with any person domiciled in Canada for the sale of an immediate or a deferred annuity, depending on a single life, or partly depending on a single life and partly for a term of years, or depending on the joint continuance of two lives. The minimum amount of annuity is $50 a year, the maximum $600. No annuity is to be payable prior to the age of 55 years. If the purchaser of an annuity dies before it becomes payable, all amounts paid in by him, with compound interest at 3 per cent., are returned to his heirs. The governor and the council are empowered to make regulations for putting the annuity system into operation, as to the rate of interest to be

allowed, the preparation of tables for determining the values of annuities, the forms of contract, the selection of agents to administer the act, the modes of proving age and identity, the methods of paying annuities, and so on.

The administration of the act has been placed under the charge of a superintendent of government annuities, in the department of trade and commerce. Various kinds of annuities are offered, including two main groups, namely: plan A, under which, in the event of the death of the purchaser before the first payment of the annuity falls due, the total amount which has been paid in, with 3 per cent. compound interest, is refunded to the heirs; plan B, under which no return to the heirs is made in the event of death of the purchaser before the annuity becomes due, and the annuities are correspondingly larger than under plan A.

According to the manner of payment of premiums, three different forms of annuity may be distinguished in each group, namely: the weekly payment, the yearly payment, and the single payment. The rates for males under the two plans are illustrated in the following tables, the rates for females being somewhat higher: —

### Weekly Payment.

Amounts of annuities to be obtained by payments of 25 cents a week ($13 a year) from age last birthday to age when annuity becomes payable. Larger payments would secure larger annuities.

*Plan A.*

| Age Last Birthday. | Amount of Annuity payable at Age — | | | |
|---|---|---|---|---|
| | 55 | 60 | 65 | 70 |
| 20, . . . . . | $85 58 | $129 91 | $203 52 | $336 66 |
| 25, . . . . . | 64 57 | 99 34 | 156 63 | 258 95 |
| 30, . . . . . | 47 56 | 74 73 | 119 17 | 197 52 |
| 35, . . . . . | 33 78 | 54 90 | 89 22 | 148 97 |
| 40, . . . . . | 22 59 | 38 90 | 65 25 | 110 59 |
| 45, . . . . . | 13 49 | 25 96 | 46 04 | 80 25 |
| 50, . . . . . | 6 07 | 15 47 | 30 62 | 56 24 |

*Plan B.*

| Age Last Birthday. | Amount of Annuity payable at Age— | | | |
|---|---|---|---|---|
| | 55 | 60 | 65 | 70 |
| 20, . . . . . | $107 37 | $176 38 | $307 88 | $589 94 |
| 25, . . . . . | 79 38 | 132 35 | 233 30 | 449 83 |
| 30, . . . . . | 57 15 | 97 38 | 174 06 | 338 55 |
| 35, . . . . . | 39 55 | 69 70 | 127 18 | 250 47 |
| 40, . . . . . | 25 68 | 47 89 | 90 23 | 181 06 |
| 45, . . . . . | 14 82 | 30 82 | 61 31 | 126 73 |
| 50, . . . . . | 6 41 | 17 59 | 38 90 | 84 63 |

Yearly Payment.

Yearly payments, made half-yearly (or more frequently if desired), required for the purchase of an annuity of $100. Cost of larger amounts in same proportion.

*Plan A.*

| Age Last Birthday. | Yearly Payments required to be made for an Annuity of $100 at Age — | | | |
|---|---|---|---|---|
| | 55 | 60 | 65 | 70 |
| 20, . . . . . | $15 19 | $10 01 | $6 39 | $3 86 |
| 25, . . . . . | 20 13 | 13 09 | 8 30 | 5 02 |
| 30, . . . . . | 27 33 | 17 40 | 10 91 | 6 58 |
| 35, . . . . . | 38 49 | 23 68 | 14 57 | 8 73 |
| 40, . . . . . | 57 56 | 33 42 | 19 92 | 11 76 |
| 45, . . . . . | 96 40 | 50 08 | 28 24 | 16 20 |
| 50, . . . . . | 214 27 | 84 01 | 42 45 | 23 12 |

*Plan B.*

| | | | | |
|---|---|---|---|---|
| 20, . . . . . | $12 11 | $7 37 | $4 22 | $2 20 |
| 25, . . . . . | 16 38 | 9 82 | 5 57 | 2 89 |
| 30, . . . . . | 22 75 | 13 35 | 7 47 | 3 84 |
| 35, . . . . . | 32 87 | 18 65 | 10 22 | 5 19 |
| 40, . . . . . | 50 62 | 27 14 | 14 41 | 7 18 |
| 45, . . . . . | 87 69 | 42 18 | 21 20 | 10 26 |
| 50, . . . . . | 202 69 | 73 90 | 33 42 | 15 36 |

SINGLE PAYMENT.

Amounts of annuities to be obtained by a single payment of $100 at various ages given below, the annuity to be payable at age 55, 60, 65 or 70. The cost of each additional $100 or fraction of $100 will be relatively the same.

*Plan A.*

| AGE LAST BIRTHDAY. | AMOUNT OF ANNUITY PAYABLE AT AGE — | | | |
|---|---|---|---|---|
| | 55 | 60 | 65 | 70 |
| 20, . . . . . | $35 66 | $52 04 | $80 18 | $133 71 |
| 25, . . . . . | 28 85 | 41 89 | 64 06 | 105 76 |
| 30, . . . . . | 23 37 | 33 74 | 51 21 | 83 63 |
| 35, . . . . . | 18 95 | 27 21 | 40 97 | 66 12 |
| 40, . . . . . | 15 40 | 21 98 | 32 82 | 52 29 |
| 45, . . . . . | 12 54 | 17 80 | 26 33 | 41 39 |
| 50, . . . . . | 10 24 | 14 45 | 21 18 | 32 82 |

*Plan B.*

| | | | | |
|---|---|---|---|---|
| 20, . . . . . | $47 60 | $74 87 | $126 82 | $238 25 |
| 25, . . . . . | 37 89 | 59 59 | 100 94 | 189 62 |
| 30, . . . . . | 30 03 | 47 23 | 80 00 | 150 29 |
| 35, . . . . . | 23 71 | 37 30 | 63 18 | 118 69 |
| 40, . . . . . | 18 63 | 29 29 | 49 62 | 93 23 |
| 45, . . . . . | 14 51 | 22 81 | 38 65 | 72 60 |
| 50, . . . . . | 11 15 | 17 54 | 29 71 | 55 81 |

An immediate annuity is also offered at the following rates: —

Immediate Annuity Rates.

Amount required for life annuity of $100, payable quarterly, first instalment to be paid three months after purchase. Each additional $100 at same rate.

| Age Last Birthday. | Males. | Females. |
|---|---|---|
| 55, | $1,190 | $1,299 |
| 60, | 1,040 | 1,156 |
| 65, | 887 | 994 |
| 70, | 738 | 825 |
| 75, | 598 | 664 |
| 80, | 472 | 521 |
| 81, | 472 | 521 |
| 82, | 472 | 521 |
| 83, | 472 | 521 |

Premiums may be paid to the department direct or to the postmaster of any money order office. The postmaster is allowed a commission of ⅓ of 1 per cent. on all amounts paid to him. An annuity may be purchased by or for any person between the ages of 5 and 85, but no annuity may be paid before the annuitant reaches the age of 55. The rights of an annuitant are not saleable or transferable, except to the extent that a purchaser may have a portion of his annuity, not exceeding one-half, made payable to his wife.

In reply to inquiries from employers regarding the provision of annuities for their employees, the department has devised a plan by which the two parties may co-operate in the purchase of annuities. The following table has been furnished by the superintendent of annuities, as an example of the cost of $250, to begin at age 60, for men commencing to pay between the ages of 21 and 50, with the assistance of a contribution from the employer: —

Examples of the Cost of an Annuity of $250 where Employer and Employee co-operate, Annuity to begin at Age 60, Payments to be made from Commencing Age to Age 60.

Column 1 shows amount of annuity which a payment by the employer of $10 a year from commencing age to age 60 would pur-

chase on plan B, under which plan there would be no return of any portion of purchase money should annuitant die before 60.

Column 2 shows the amount remaining to be purchased by the employee to bring annuity up to $250.

Columns 3 and 4 show the annual rate to be paid on plan A or B to purchase amount of annuity in column 2. (On plan A, should annuitant die before 60, all payments made, with 3 per cent. compound interest, would be returned to the purchaser or his legal representatives.)

| Commencing Age — | 1 — B. | 2. | 3 — A. | 4 — B |
|---|---|---|---|---|
| 21, . . . . . | $128 20 | $121 80 | $12 85 | $9 50 |
| 25, . . . . . | 101 83 | 148 17 | 19 40 | 14 55 |
| 30, . . . . . | 74 90 | 175 10 | 30 47 | 23 38 |
| 35, . . . . . | 53 62 | 196 38 | 46 50 | 36 62 |
| 40, . . . . . | 36 85 | 213 15 | 71 23 | 57 85 |
| 45, . . . . . | 23 71 | 226 29 | 113 33 | 95 45 |
| 50, . . . . . | 13 53 | 236 47 | 198 66 | 174 75 |

The total number of annuity contracts issued during the first seven months of the operation of the system, ending July 31, 1909, was 288, aggregating $65,022.80, and the purchase money received for them was $206,410.15. The number included 44 immediate annuities, amounting to $11,121.80, at a cost of $108,923.80, and 244 deferred annuities, amounting to $53,901, on which $97,486.35 had been received in premiums.

The department is making vigorous efforts to bring the annuity system to the general attention of working people and their employers. Organizers and lecturers are employed to advertise the advantages of the scheme. Thus far these efforts appear to have met with moderate success.

The printed pamphlet explaining the provisions of the annuities act recently issued by the department contains this suggestive reference to the British old age pension act: —

Much of the extreme poverty and destitution in Great Britain, which has been shown by the recent pension act to exist, would have been impossible had there been a general adoption of a scheme like the Canadian scheme in England half a century ago. The men and women who are now on the "pauperizing pension roll" could have

preserved their self-respect and independence, and the enormous annual drain on the public treasury, which amounts to nearly $50,000,000, would probably have been avoided. If Canada is not ultimately to face the same conditions as exist in England and many other European countries, the people of small income must make definite provision for their old age.

### (l) Austria.

The law of December 16, 1906, provides a limited system of contributory old age and invalidity insurance, applying only to a certain class of salaried employees. The persons that are compelled to insure under the law are private officials (Privat-beamten), with monthly or yearly salary of at least 600 kronen[1] per annum ($120), and public employees without other regular claim to pensions. The obligation to insure begins with the completion of the eighteenth year. The law specifically exempts from the insurance obligation persons employed in industry, mining, agriculture and forestry. In fine, the law applies to clerks and other salaried employees of the middle class. It is not a system of working class insurance.

The general principle on which the insurance is administered is the same as that of the German compulsory insurance. The insured are divided into six salary classes. The amount of the contribution varies according to the salary class. The employer pays two-thirds of the premium in the four lower classes, and one-half of the premium in the two higher classes. The amount of insurance also depends on the salary class, and on the length of time during which contributions have been paid. The insurance provided includes not only age pensions, but also invalidity allowances, widows' benefits, and special payments toward the education of orphaned children. A contributory period of four hundred and eighty months, or forty years, is required as the condition of receiving an old age pension.

A government bill was laid before the House of Representatives on November 3, 1908, which provides a sweeping scheme of general old age and sickness insurance. This bill has not yet been enacted into law. The principal features of

[1] In Austria a krone is equivalent to $0.203.

the proposed plan are described in a special report drawn up under the direction of the Austrian Ministry of Foreign Affairs, at the request of this commission. The substance of this official report is as follows: —

REPORT.

The chief characteristic of the government bill for insurance against old age and sickness lies in its enormous scope. It is proposed in this country to extend old age insurance not only to industrial and agricultural classes, but also to all those engaged in commercial and industrial pursuits who are not actually dependent on wages, provided that their incomes do not exceed a fixed limit, and provided the number of employees in their service does not exceed two. In order, therefore, to appreciate the scope of the bill, it is necessary to bear constantly in mind the main distinction which is drawn between selbständige, or non-wage earners, and unselbständige, or wage-earning workmen.

It is calculated that nearly 10,000,000 will, under this measure, fall within the scope of old age insurance. (The population of Austria is, roundly, 45,000,000.) This number is estimated to be divisible as follows: —

| | |
|---|---|
| Independent small tradesmen (including farmers, agents, etc.), . . . . . | 2,520,000 |
| Workmen, operatives, servants, . . . . . | 5,099,000 |
| Members of workmen's families assisting in labor, . . | 1,718,000 |

Whilst the working classes, *i.e.,* those dependent on wages, are to be insured both against old age and sickness, the independents (selbständige) are to be insured against old age only, to the exclusion of disablement and sickness.

The bill provides for the payment of old age pensions on completion of the sixty-fifth year. For the acquirement of an old age pension, wage earners must have been insured for a period of thirty years; but in the case of workmen who, under the bill, will become liable to insurance at more advanced years, this term is shortened to a period of subscription covering two hundred weeks.

Independents (selbständige) over 65 years of age need, however, have been insured for a period of only four years in order to obtain an old age pension calculated on the basis of a period of subscription covering two hundred weeks; and this class, therefore, enjoys, in the matter of old age pensions, a considerable advantage over wage earners. They are, however, as before stated, excluded from pensions on account of sickness or disablement.

Insurance is compulsory in the case of: —

*1. Wage Earners* (*Unselbständige*). — This includes all those in the working classes, of both sexes. Liability to insurance and weekly subscription for that purpose begin with the sixteenth year. Persons already over 16 years of age, or already infirm, as well as persons in receipt of monthly or yearly wages exceeding 2,400 kronen ($400), are exempted from liability to insurance.

*2. Selbständige* (*Independents*). — This includes all persons engaged in industrial or agricultural pursuits who are in receipt of a yearly income not exceeding 2,400 kronen, or who do not habitually employ more than two workmen outside the family.

The old age pension funds are, under the bill, to be derived partly from premium payments by the insured and partly from State contributions. The bill provides, however, for voluntary increases in the amount of subscriptions paid, by means of which both a larger and an earlier pension is obtainable.

Women obtain on marriage a refund of half the amount of subscriptions paid, provided such subscriptions have already covered a period of two hundred weeks. In case of death of the insured, a release of the insurance capital is granted to the relatives, claims to such release being held in the first instance by the widow; then by legitimate children under 16 years of age; illegitimate children after the death of the mother and after that of the father, provided paternity has been recognized by law; parents of the deceased; brothers and sisters under 16 years of age; and grandchildren whom the deceased has maintained.

Release of insurance capital is, however, made to depend on the termination of a period of contribution covering forty weeks. The amount of insurance capital released is computed according to the wage divisions and to the number of children left, — widows with two children being granted a release proportionately larger than widows with one child only.

The State contribution to pensions is, under the bill, fixed at 90 kronen per pensioner, whether dependent or independent; but this State contribution becomes payable in each individual case only on the termination of a period of subscription covering two hundred weeks.

With regard to the financial aspect of this scheme of insurance, it is calculated that the annual subscriptions of 6,000,000 workmen dependent on wages will amount to just over 100,000,000 kronen ($20,000,000); while the annual subscription to the independent class will amount to 28,000,000 kronen ($5,600,000). This amount is to be supplemented by a fixed annual payment for the State of 2,000,000 kronen ($400,000). This annual payment will, as stated, be augmented on the expiration of four years by a contribution from

the State of 90 kronen ($18) per head insured: so that it is calculated that after ten years the State will be contributing 13,000,000 kronen ($2,600,000) toward the insurance of wage earners, 23,000,000 kronen ($4,600,000) toward that of the independent class, and that this sum will be further increased on the termination of the twentieth year to 27,000,000 ($5,400,000) and 48,000,000 kronen ($9,600,000), respectively, and on the termination of the fortieth year will reach a total of 91,000,000 kronen ($18,200,000).

After the expiration of forty years it is calculated that the total disbursements entailed by this scheme of insurance will be as follows: —

| | Million Kronen. | Million Dollars. |
|---|---|---|
| Old age pensions to the independent class, | 99.25 | 19.85 |
| Old age and sickness pensions to wage-earning class | 174.00 | 34.80 |
| Released insurance capital on death of insured, | 27.00 | 5.40 |
| Refund of insurance subscription on marriage, | 4.50 | .90 |
| Cost of administration, | 1.25 | .25 |
| Total, | 306.00 | 61.20 |

This bill is certainly a very remarkable and far-reaching social measure. It is well known that the policy of the Christian Socialists, a policy which is said to be fully endorsed by the heir apparent, lies in the direction of a Democratic Imperialism, and of the erection at Vienna of a centre of gravity around which it is hoped that Slav unity will one day crystallize. It is impossible not to see in this huge insurance scheme a decided step towards the practical realization of this progressive policy, whose advent was heralded by the introduction of universal suffrage, and whose outward visible sign has recently become manifest in territorial aggrandizement.

It remains, however, to be seen whether the gigantic expenditure involved by this scheme and the extreme difficulty of introducing compulsory insurance in the poor peasant districts of Galicia, Bukowina, Dalmatia and the Tyrol, will bring the measure within the domain of practical politics.

### 3. Pension Legislation in the United States.

#### (a) National Legislation relating chiefly to Military Pensions.

National pension legislation in the United States is confined entirely to provision for military pensions, with the exception of the retirement pensions for United States jus-

tices. During recent years a movement in favor of the establishment of a system of civil pensions for employees of the national government has gathered headway. The United States is the only one of the leading nations that has not adopted some retirement system for its employees. The institution of such a system has been urged in the interest of efficiency and economy in the civil service, and was recommended by President Taft in his message of December, 1909. Up to the present time, however, no legislation has yet been placed upon the statute books relating to civil pensions.

The policy of military pensions was adopted early in the history of the nation by legislation pensioning soldiers of the revolutionary war. Later pension acts have provided successively for veterans of the war of 1812, the Mexican war and the Spanish war. The first pension measure for soldiers of the civil war was passed July 14, 1862. This law provided pensions for disabled soldiers, and for widows, orphan children and dependent mothers of deceased soldiers. The amount of the pension varied from $8 to $30 per month. The arrears act of 1879 increased greatly the expenditure for pensions. This act provided that the first payment of any pension should include back pension money from the time the disability was incurred to the date of the receipt of the pension, provided that the application for the pension were made prior to July 1, 1880. An act of 1890 further extended the system by granting pensions to all who had served ninety days in the civil war, and were suffering from mental or physical disability of a permanent character, which incapacitated them for performing manual labor. The amount of the pensions ranged from $6 to $12 per month. Widows of soldiers who had served ninety days were granted pensions at the rate of $8 per month. The number of pensioners on the roll of 1908 was 951,687, and the total amount paid in pensions was $153,093,086.27. The survivors of the civil war constitute about 65 per cent. of the total number of pensioners.

The national government has also provided retirement pensions for officers and enlisted men in the regular army and

navy. The first retirement act for the army was passed in 1861. Since that date numerous amending and extending laws have been enacted. The present provisions relating to the retirement of officers are as follows: (1) Any officer who has served for forty years shall be retired on making application to the President, and any officer who has served thirty years may be retired on his application, at the discretion of the President. (2) Officers who have served forty-five years, or have reached the age of 62, may be retired, at the discretion of the President. (3) All officers who have reached the age of 64 years must be retired, without option. (4) Officers permanently disabled in the service shall be retired on pension. Thus, in the army, retirement is compulsory for officers at 64, and voluntary at an earlier age, after certain periods of service. Enlisted men in the army may be pensioned after thirty years of service, upon application to the President.

The amount of pension in the case of both officers and men is three-quarters of the pay received at the time of retirement.

The provisions governing retirement in the navy are similar to those in the army. The main difference is that the age of compulsory retirement is 62 instead of 64 years. Officers who have reached the age of 62 must be placed upon the retired list, with the exception of certain grades for which retirement is provided only in the case of permanent disability. After forty years of service, retirement is permissible, upon the application of the officer. Enlisted men who have served thirty years may be retired upon application to the President, provided the applicant has reached the age of 50 years. In case of disability, accident or sickness, which incapacitates an officer or a man for the performance of his duty, he may be retired with three-quarters pay, if an officer, or with a pension which is adjudicated by the pension bureau, if an enlisted man.

The regular pension, as in the army, is three-quarters of the pay.

Outside of the military pensions just described, the only other legislation in this field is that relating to the retirement of justices of the United States courts. Any judge of

any court of the United States who resigns his office, after having held his commission at least ten years, and after having attained the age of 75 years, is paid during the remainder of his life the amount of salary that he was receiving at the time of his resignation.

### (b) Pension Legislation in Various States.

No American State has enacted any law establishing a general system of old age pensions. Many southern States have statutes providing pensions for confederate veterans, and some northern States have laws granting special aid to soldiers. This class of legislation, however, hardly falls within the scope of the investigation of this commission. The only legislation thus far enacted in this country which strictly concerns the subject of inquiry of this commission relates to pensions for firemen, policemen, teachers[1] and certain other public employees. Following is a digest of this State pension legislation: —

#### Illinois.

*Pensions for Firemen.* — Chapter 24 of the Revised Statutes provides for the establishment of a firemen's pension fund in cities of 50,000 inhabitants or more. The fund is to be administered by a board of five trustees. All rewards, gifts and devises to members of the fire department, except those to designated individuals, are turned into the fund. Members of the department may be retired for physical or mental disability on one-half pay. A pension of $30 per month is granted to widows of men who die in the service; also an allowance of $6 per month for each child of a person dying in the service. A member of the department who has served twenty-two years and is 50 years of age may, if he desires, have his discharge on half pay. An act passed in 1905 provides that foreign fire insurance companies shall pay 2 per cent. of the gross receipts of their local agencies to the treasurer of the city, and that 50 per cent. of the amount thus paid in shall go to the firemen's pension fund.

In 1907 the law was amended to apply to cities of 5,000 inhabitants and over. The amending act also reduced the required period of service from twenty-two to twenty years. It provided further that 1 per cent. of the receipts of all licenses in the cities should be paid to the pension fund.

*Policemen.* — Chapter 24 of the Revised Statutes provides that every city of 50,000 inhabitants or over shall set aside for a police

[1] For a special report on teachers' pensions, see Appendix D.

pension fund the following amounts: 3 per cent. of the receipts from dog license; 3 per cent. of the receipts from liquor license; all fines inflicted on policemen; one-fourth of the receipts from brokers' license; all rewards given to the police department; all fines for carrying concealed weapons; 3 per cent. of the receipts from all licenses not mentioned in the act; 1 per cent. monthly of the salary of members of the police department. A board of five, to be appointed by the mayor, administers the fund. Pensions are paid to members of the department over 50 years of age who have served thirty years; also to those who are physically disabled in the service. The amount of the pension is one-half pay. Grants of $600 to $900 are provided for widows of policemen killed or fatally injured in the discharge of duty.

*Employees of Water Department.* — An act of 1905 establishes a pension fund for employees of water works and water departments of cities who receive $65 per month and more. The pension board consists of the mayor, the comptroller, and four employees contributing to the fund, to be elected by ballot by the contributors. The amount to be contributed to the fund by employees is determined by the board, but shall not be less than 1 per cent. or more than 2 per cent. of the yearly salary. The amount of the pension is also fixed by the board, but shall not be more than 50 per cent. of the salary. Any contributor to the fund, 50 years of age, who has served thirty years and has paid contributions for ten years is entitled to retirement on one-half pay. Pensions of smaller amount are provided for persons who have contributed five years. The sum of $300 is paid to the widow of a beneficiary.

*Employees of Public Libraries.* — An act of 1905 provides that each city shall establish a pension fund for library employees. Any contributor to the fund, 55 years of age, who has served ten years and contributed regularly to the fund, may retire on pension. A board of five trustees administers the fund. The board determines the amount of the employees' contributions, which, however, shall not be less than $6 nor more than $48 per year. The board also fixes the amount of the pension, which, however, must be proportionate to the amount of contributions in each case.

## Louisiana.

*Pension Fund for Firemen.* — An act of 1905, No. 43, requires the city of New Orleans to set aside 1 per cent. of all the revenues from licenses, to establish a pension fund for disabled firemen. A board of trustees of five members is created to administer the fund. All receipts from insurance company taxes are to be paid into the fund, also fines inflicted on firemen and rewards given to the fire department for meritorious service. Permanently disabled firemen

are retired on half pay. The widow of any fireman who is killed or dies in the service receives $15 per month; there is also an allowance of $6 per month for each child in such a case.

### Massachusetts.[1]

*Pensions for Firemen.* — Chapter 32 of the Revised Laws, section 81, dating from 1898, provides that on the petition of not less than 200 voters of a city the question of accepting the terms of this act shall be submitted to vote. If the act be accepted by the voters, the city council may then pension any fireman for permanent disability incurred in the service, on such terms as may be prescribed by vote or by ordinance. Section 82 of chapter 32, dating from 1900, provides for age and service pensions; any fireman who has served twenty years and who is 65 years of age or is incapacitated for service may be so pensioned.

*Policemen.* — Chapter 108 of the Revised Laws, sections 29 and 30, dating from 1892, provides that in cities, except Boston, of 75,000 population, the mayor and aldermen may, if the city council has accepted the provisions of this act, retire any member of the police department who is 65 years of age and has served fifteen years, or who has been permanently disabled in the actual discharge of his duty. The amount of retirement allowance shall not exceed one-half of the annual earnings. Section 31, chapter 108, provides for the compulsory retirement of officers disabled in the discharge of their duty, on one-half pay in cities accepting this provision and having no regular pension system.

In 1903, by chapter 428, the provisions for police pensions were extended to any city, — not merely to cities of 75,000 or more inhabitants. It was further provided that twenty years' service and disablement should entitle a member of the department to pension, regardless of age.

Chapter 108 of the Revised Laws, section 31, dating from 1901, requires that in cities which by vote of the city council, and in towns which by vote of the inhabitants, accept the provisions of the section, the board or officer having authority to make appointments to the police department shall retire any member who is certified by physicians to be permanently incapacitated, through injury sustained in the service. A member so retired receives one-half the compensation paid him at the time of retirement.

In 1904, by chapter 327, the selectmen of any town accepting the provisions of the act are required to retire and pension any member of the police and fire departments permanently incapacitated through

[1] The special pension measures for the city of Boston are not included in this section, but are described in the later chapter dealing with "Pension Systems in American Cities."

injury in the service; and are authorized to retire any member 60 years of age who has served faithfully for twenty-five years. The pension in each case is one-half of the compensation last received by the retired employee. Acceptance of the act requires a two-thirds majority of voters voting thereon at town meeting.

In 1907, by chapter 141, pensions were provided for widows and children of members of fire and police departments killed in the service, to the amount of not more than $300 per year.

In 1909, by chapter 453, provision was made for the pensioning of metropolitan park police officers. The Park Commission is required to pension any officer permanently disabled, who requests retirement, and any officer who has served faithfully for twenty years, if he is, in the judgment of the commission, incapacitated for further useful service. The amount of the pension is one-half the compensation last paid to the officer. Pensions are also provided for widows and children of officers killed in the service, not exceeding $400 in amount.

*Teachers.* — In 1908, by chapter 498, cities and towns were authorized to establish pension funds for teachers in the public schools. The act provides that any city or town accepting its provisions shall establish a fund for retiring teachers. The fund shall be made up of such revenues as may be diverted to that purpose. The school committee may retire any teacher of 60 years of age incapacitated for service. The pension shall not exceed one-half of the last compensation, and in no case shall exceed $500. On petition of 5 per cent. of the voters of any city or town, the act is to be submitted to referendum, and if a majority of the voters thereon accept it, the act goes into effect.

*Other Employees.* — In 1906, by chapter 474, pensions were established for judges of probate and insolvency. Any judge who has reached the age of 60 years and has served fifteen years, and is incapacitated for further service, may retire on one-half salary.

In 1907, by chapter 458, provision was made for pensioning veterans of the civil war in the service of the Commonwealth. Any such veteran if incapacitated for active duty shall be retired, with the consent of the Governor, at one-half the compensation paid to him when in active service, provided that no veteran shall be so retired unless he has been in the service of the Commonwealth at least ten years.

In 1908, by chapter 601, pensions were provided for prison officers. The Prison Commissioners may, with the approval of the Governor and Council, retire any prison officer who is 65 years of age and has served twenty years, or any officer who is permanently disabled through injury in the service, or any officer who has rendered thirty years of faithful service. The pension is one-half of the last compensation.

In 1909, by chapter 398, it was provided that any veteran of the civil war, in the service of any county as clerk of court, might, if incapacitated for duty, be retired by the county commissioners, with the consent of the Governor, at one-half rate of compensation: provided that no veteran should be so retired unless he has been in the service of the county ten years and has reached the age of 65.

### New Hampshire.

*Pensions for Firemen and Policemen.* — The act of March 26, 1907, authorizes towns and cities to grant pensions to firemen and police officers and constables, in case the provisions of the enabling act are accepted by the voters, on petition of not less than 100 registered legal voters of a city, and not less than 25 registered legal voters of a town. Eligible to pensions are fire and police officers who have been permanently disabled in the performance of their duties, or who have attained the age of 65 years, and have served for not less than twenty-five years. The amount of pension shall not exceed $300 per annum. No pension shall be granted for more than one year at a time. No municipality in the State has yet taken advantage of this act.

### New Jersey.

*Firemen's Pension Fund.* — Chapter 270, Laws of New Jersey, provides for the creation of a firemen's pension fund. One-half of 2 per cent. of the premiums received by foreign fire insurance companies for local business is to be set aside for such fund. The fund is increased by fines assessed upon members of the fire department, by rewards, fines, gifts and emoluments for extraordinary services, by fees for permits, by receipts from sales of old material, by license fees of theaters, and, in the event of the fund being less than $20,000, by assessment on members of the department, not to exceed 1 per cent. of the salaries. Pensions are granted to members of the department who have served honorably for twenty years, and have reached the age of 60 years; to members who have become incapacitated through injury incurred in the discharge of their duties; to members who have served twenty years and have become incapacitated by illness, injury or advanced old age. The amount of the pension in each case is one-half of the salary at the time of retirement. Widows of members who have served less than five years receive $25 per month for life, or during widowhood. Widows of members who have served at least five years receive a pension equal to one-half of the salary of the husband, payable for life, or during widowhood. There are further provisions for widows of members who have been retired and pensioned, the amount paid to such widows being equal to half pay. Provisions are also made for deceased members' children who are

motherless, or whose mother may have remarried. Further provision is made for dependent parents of deceased members. In 1908 the amount paid in pensions was $21,935.71; the number of beneficiaries was 42.

*Policemen.* — Chapter 165, Laws of New Jersey, establishes a police pension fund. This fund does not include appropriations by the city, but is made up of fines for derelictions, from donations, receipts for certain permits, receipts through the sale of unclaimed property, and an assessment of at least 1 per cent. of the salaries of members. Pensions are granted to members permanently disabled through injury or sickness incurred in actual service, and to those who have attained the age of 60 years and have served twenty years. The pension amounts to one-half of the salary at the time of retirement, provided the fund is sufficient for the purpose; if not, the pensions are adjusted proportionately to the available amount of the fund. Widows of members who have lost their lives in the service receive the half-pay pension so long as they remain unmarried. In case of the death of the widow, unmarried minor children receive the same pension until the youngest reaches the age of 14 years.

### New York.

The legislation relating to municipal pensions in this State applies in every case to certain specified cities. The provisions for New York city are described in the section dealing with pension systems of cities.

### Pennsylvania.

*Fire and Police Pension Fund.* — The act of June 1, 1885, known as the Bullitt bill, which is in reality the charter of the city of Philadelphia, provides that a pension fund shall be created and established by ordinance; to be maintained by an equal and proportionate monthly charge made against each member of the fire and police force. The fund is to be administered by the commissioners of the sinking fund, and applied, on such terms and regulations as the city council may by ordinance prescribe, for the benefit of such members of the fire and police forces as shall receive honorable discharges for age or disability, and the families of such as may be injured or killed in the service. The allowances are in conformity with a uniform scale.

*Police Pension Fund.* — An act of May 24, 1893, authorizes cities to maintain a police pension fund by assessing equal and proportionate monthly charges against members of the force, not to exceed 3 per cent. of their pay. The condition for the receipt of pension is a minimum period of service of twenty years; the amount of pension is not to exceed one-half of the pay.

RHODE ISLAND.

*Fire and Police Pensions for Providence.* — Chapter 1231, Acts of 1893, authorizes the city council of Providence to create and administer a pension fund for members of the fire and police departments of that city who may be disabled while in the line of their duty.

VIRGINIA.

*Firemen's Relief Fund.* — Chapter 181, Acts of 1908, provides that in cities, towns and counties having regular organized fire departments, every fire and lightning insurance company shall pay to the treasurer of the State $1 out of every $100 of premiums received, upon the amount of all premiums written on policies covering property within the limits of such cities, towns and counties, the amounts so paid to constitute a fund for the benefit of the Firemen's Relief Association. This fund shall be administered for the relief of injured and disabled members of any fire department in the city, town or county, for the relief of those actually dependent on the service of any fireman who has lost his life in the fire service, and for the payment of necessary funeral expenses of any such fireman.

WISCONSIN.

*Firemen's Pension Fund: Cities of the First Class.* — Chapter 165, Laws of 1903, and chapter 87, Laws of 1907, provide for the establishment and administration of such fund. The fund is maintained by two-thirds of the sum of the tax on fire insurance companies or agents; by a levy of 2½ per cent. on monthly salaries of firemen; by accumulation of all fees, gifts and so on, to the amount of $200,000, such sum to be a permanent fund, the interest on it to be used for expenses. The fund is administered by the city treasurer, mayor, city comptroller, chief engineers and three members of the fire department, to be elected. Pensions are granted after ten years of service, upon retirement or discharge due to injuries from any cause. The amount of the pension is not more than one-half of the monthly salary. Motherless orphans or dependent daughters of retired or deceased firemen receive a certain amount, to be determined by the position and the salary of the deceased firemen. Widows' allowances are also granted from this fund. No family may receive more than one-half of the amount of the monthly salary of the deceased. No allowance is to be paid to the widow or daughter after the death of a fireman discharged after twenty-two years of service, or to a minor child over 18 years of age.

*Cities of the Second, Third and Fourth Classes.* — Chapter 214, Acts of 1907, provides for a firemen's pension fund for cities of

these classes. The fund is made up of half of all sums collected in the city for the disposition of fire insurance companies; all moneys deducted from firemen's pay for fines and time losses; contributions from the firemen, amounting to 1 per cent. of the monthly salaries; rewards and gifts of property; to be used as a permanent fund, until the total amounts to $50,000. The pensions are granted to disabled firemen discharged for injuries received in the service, and to firemen retired after twenty-two years of service. The amount of the pension is one-half the pay. Widows receive one-third of the salary of the husband at time of death; children, $6 monthly for each child until 16 years of age; a dependent father or mother receives the same as a widow. The total sum paid to any family may not exceed one-half the monthly salary of the deceased.

*Policemen's Pension Fund: Cities of the First Class.* — Chapter 397, Laws of 1903, chapter 286, Laws of 1903, chapter 60, Laws of 1907, contain the provisions relating to this fund. The fund is created from 1 per cent. of license revenues, except dog licenses; rewards and fines of members; one-half of the money received from dog licenses; and 2½ per cent. of the monthly salary of policemen. Provision is made for a permanent fund, to be accumulated until it reaches the sum of $300,000. Disabled members are retired on half-pay when injured on duty. Pensions are granted on discharge after twenty-two years of service. Any member of the department who has served twenty-two years may apply for retirement on pension. The amount of the pension in each case is one-half the salary. Pensions to widows vary according to the position and salary of the deceased. Pensions to minor children amount to $6 a month. The total pension to the whole family is not to exceed one-half the amount of the monthly salary of the deceased.

*Cities of the Second and Third Classes.* — Chapter 670, Laws of 1907, provides for policemen's pension fund for these classes of cities. The sources of the fund are all money received from dog licenses and one-half the money received from other licenses; all money received for rewards; salary losses on account of sickness; and 1 per cent. of the monthly salary of each member. Also, a permanent fund is to be accumulated, to amount to $50,000. Disabled policemen are retired on half pay. A period of twenty-two years' service entitles to pension upon application, at the same rate. Widows' pensions amount to one-third of the monthly pay of the deceased; children's allowances to $6 each per month. The total sum to be given to any family is limited to one-half the monthly salary of the deceased.

4. Pension Systems of American Railroad and Industrial Corporations.

While European governments have been instituting public pension and insurance schemes, American railroad and industrial corporations have been establishing retirement systems independently of State aid. The pioneer in this movement was the Baltimore & Ohio Railroad, which established a pension system in 1884. The movement did not, however, begin to spread until the last decade. Since 1898 there has been a rapid extension of private pension and insurance systems. Besides railroad and industrial corporations, many street railway companies, mercantile houses and banks have established such systems. This commission has obtained information concerning 50 of these schemes, 28 of which are maintained by railroad companies, and 22 by industrial, commercial or banking establishments.[1] Numerous other concerns which have no pension system make a practice of retiring aged employees by special arrangement in individual cases.

The railroad companies known to have established pension schemes are: the Atlantic Coast Line, the Baltimore & Ohio, the Bessemer & Lake Erie, the Buffalo, Rochester & Pittsburg, the Chicago & Northwestern, the Chicago, St. Paul, Minneapolis & Omaha, the Delaware, Lackawanna & Western, the Houston & Texas Central, the Illinois Central, the Oregon Railroad and Navigation Company, the Oregon Short Line, the Pennsylvania, the Philadelphia & Reading, the Rock Island, the San Antonio & Aransas Pass, the Southern Pacific, the Texas & New Orleans Railroad Company, the Union Pacific and the New York Central Lines, including the following constituent companies: the Chicago, Indiana & Southern, the Cleveland, Cincinnati, Chicago & St. Louis, the Lake Erie Alliance & Wheeling, the Lake Erie & Western, the Lake Shore & Michigan Southern, the Michigan Central, the New York Central & Hudson River, the New York

[1] The total of 28 railroad companies having pension systems includes the 10 constituent companies of New York Central Lines, for which the same pension system went into effect January 1, 1910.

& Ottawa, the Pittsburgh & Lake Erie and the Rutland Railroad Company. Several other railroad companies have a pension scheme under consideration, with a view to its introduction in the near future.

Industrial and other corporations that have introduced pension systems, concerning which the commission has been able to obtain information, are the American Steel and Wire Company; Butler Brothers, Chicago, Ill.; Deere & Co., Moline, Ill.; Calumet & Hecla Mining Company, Calumet, Mich.; Cleveland Cliffs Iron Company, Ishpeming, Mich.; Denver City Tramway Company; the Du Pont de Nemours Powder Company, Wilmington, Del.; the First National Bank, Chicago, Ill.; Gorham Manufacturing Company, Providence, R. I.; Hibbard, Spencer, Bartlett & Co., Chicago, Ill.; the International Harvester Company; the Interborough Street Railway Company, New York, N. Y.; Morris & Co., Chicago, Ill.; the Old Dominion Steamship Company; the Pittsburg Coal Company; the Standard Oil Company; Trenton Iron Company, Trenton, N. J.; United Traction and Electric Company, Providence, R. I.; Washington Railway and Electric Company; Wells, Fargo & Co.; Western Electric Company, Chicago, Ill.; Westinghouse Air Brake Company, Pittsburgh, Pa. This list of pensioning companies is not to be regarded as complete; it includes only firms from which the commission has received an official statement concerning the pension plan in operation.

The problem of dealing with the aged employee is an urgent one in the modern business world. The use of machinery and the stress of industrial employment have made it increasingly difficult for aged employees to hold the pace. The universal demand nowadays is for young men. Many concerns refuse to take on inexperienced men over 35 years of age. Moreover, men wear out faster under the increased strain. What to do with the worn-out workers, — that is the essence of the pension problem. To carry them on the pay roll at their regular employment means waste and disorganization of the working force; to turn them adrift is not humane. In the past, large employers of labor have tried

to meet this difficulty in piecemeal fashion by retiring aged employees on pension in certain cases, or giving them light work, each case being provided for separately, on its own merits; now they are beginning to deal with the problem in a systematic fashion, by adopting a uniform method of retirement with pension.

The general nature of the leading schemes is substantially the same. Provision is made for the voluntary or compulsory retirement of employees at a certain age, with weekly or monthly allowance. The amount of the allowance is determined by the length of service and the wages of the employee. It is usually calculated on a basis of a percentage of the average wages for each year of service. The expenses of the pension system are commonly borne by the employer, without contribution from the employee. Often the pension system is combined with provision for sickness and accident insurance, organized on a contributory basis.

The motives that have induced large corporate employers to provide retirement pensions are partly economic and partly humanitarian or philanthropic. Economic motives play the leading part. This thing has been done because it has been found to be good business policy. The economic gain from the pension system is twofold; it eliminates the waste and demoralization attendant upon the continued employment of old men who have outlived their usefulness; and it helps to promote industry, contentment and loyalty on the part of the working force. The pension system aids in solving the difficult problem of stimulating the employees of a large corporation to the highest efficiency. This economic advantage of retirement pensions has been well stated by Mr. Burton Hendrick, in an article on "The Superannuated Man," McClure's Magazine, December, 1908, in these words: —

> The most effective way of securing the right kind of force is obviously to adopt a broad general policy that will attract the most ambitious men, and secure from them the most efficient work of their productive years. The laws of gravitation affect wage earners as well as other objects in nature; the best men inevitably gravitate toward the most satisfactory terms of employment. And terms of employment mean other things than wages and hours of

labor; . . . The corporation that can insure its employees a reasonable permanency of employment, promotion in order of precedence and fitness, and a satisfactory provision for old age, will inevitably attract the highest grade of men and obtain from them the most efficient work.

The provisions of the leading pension schemes concerning which information has been obtained by the commission may be analyzed briefly as follows: —

*Age of Retirement.* — Most pensioning concerns fix one age for compulsory retirement and another for voluntary retirement, the latter including retirement at the request of the employee or at the discretion of the employer. Some companies permit also retirement by request or order at a still earlier age in case of invalidity or incapacity. The usual age of compulsory retirement is 70 years; of voluntary retirement, 60 years. In several cases compulsory retirement is enforced at the age of 65; in other cases voluntary retirement is not permitted before 65, in one case not before 70. One corporation fixes the age of voluntary retirement at 62; three at 55. In one pension scheme no age of retirement is specified, each case being dealt with by itself. In numerous instances provision is made for retiring employees on account of incapacity at an earlier age than that fixed for regular retirement.

*Period of Service required.* — A certain minimum period of employment in the pensioning establishment is required in all cases as a condition of retirement on pension. The prescribed term varies from ten to thirty years. The latter minimum is required in only one case. Of the terms of twenty-five, twenty, fifteen, and ten years, the term twenty is taken in the largest number of cases.

*Amount of Pension granted.* — The amount of the pension is determined in various ways, on the general principle of allowing a certain percentage of the average wages for each year of employment. The usual arrangement is an allowance for each year of service equal to 1 per cent. of the average wages earned during the last ten years; in one case the period is five years instead of ten. For example, an employee who has served forty years, at an average wage of $50 a

month during the last ten years, would receive a monthly pension amounting to forty times 1 per cent. of that sum, or $20. In one case the percentage of wages allowed is graduated from 1 to 2 per cent., according to the length of service. Another scheme provides for a monthly allowance equal to 1½ per cent. for each year of service on the first $100, or any part thereof, of the highest average monthly pay of the employee during any year of his last ten consecutive years of service; and, in addition to this, an amount equal to ½ of 1 per cent. of any excess over $100 of the average monthly pay for the ten-year period. Another allows 2 per cent. of the salary at the date of retirement for each year of service, with a maximum limit of $5,000. Another company pays pensions proportionate to the amounts of the employee's previous contributions to the compulsory relief fund for sickness and accident insurance. Still another corporation grants pensions at the rate of 25 per cent. of the average pay of the employee for the ten years preceding retirement, and also permits the voluntary retirement of employees between the ages of 60 and 64, who have served the company twenty years, on pensions equal to 50 per cent. of the average pay for the preceding ten years, this higher rate to continue to the time the pensioner is 65 years of age, and the rate thereafter to be 25 per cent. Other methods of reckoning the amount of the pension are the following: 1 per cent. of the total amount paid to the employee in wages during his entire period of service; 20 to 40 per cent. of the average annual wages, according to length of employment; one-half of the average wages for the last five years of employment; one-fiftieth of the salary for each year of service, up to a maximum limit of thirty-five-fiftieths of the salary; a flat sum of $10, $15 or $25 per month, according to the wages previously received. A maximum pension limit of $100 per month is fixed in one scheme, and $75 in another. Minimum limits of $18 a month and lower are found in some cases.

*Provision of Pension Funds.* — The expenses of the pension system are in a great majority of cases borne entirely by the employer, no contribution by employees being required. The pensions are paid from a fund established by

the company, or from an annual appropriation, or by both methods. Some companies, however, require contributory payment by the employees. One system, for example, provides for a contribution by the employee to the amount of 3 per cent. of his wages; another to the amount of 2 per cent. of his wages; and the payment in each case of an equal amount by the company. Another fixes the employee's contribution at 3 cents per month, supplemented by an equal amount from the company.

*Other Details.* — The pension system is administered by boards composed of employers and employees, appointed usually by the directors. In some cases the total annual expenditure for pensions is limited to a fixed sum. In computing the time of service, reduction is made for all time out of employment; only actual time of service is reckoned. Employees in receipt of pensions are usually permitted to engage in outside employment without forfeiting their pension privileges.

The pension system of the Baltimore and Ohio is the oldest in existence. It is operated in connection with a relief department, established May 1, 1880, which provides accident, sickness and death benefits from funds maintained by joint contributions of employees and company. The pension feature was added October 1, 1884. The total number of pensioners from October 1, 1884, to June 30, 1908, was 1,134, of whom 511 were still on the list at the later date. The amount paid for pensions in 1908 was $112,356.45, and the total amount paid since the establishment of the system was $1,120,381.59. The provisions of the pension feature, as given in the published "Regulations governing the Relief Department of the Baltimore and Ohio Railroad Company," are the following: —

Pension Feature, Baltimore & Ohio Railroad Company.

The fund for the payment of pensions will be derived wholly from the contributions of the company. The company's contributions will be applied to the purposes which are herein stated, in the order of their precedence: —

*First.* — To provide means of support during life for those per-

sons, members of the relief feature of the Baltimore & Ohio Employees' Relief Association for four consecutive years, who, having served the company for ten consecutive years, and having reached the age of 65, shall be honorably relieved from duty.

*Second.* — To provide in the same manner for like persons who elect to retire from the service.

*Third.* — If at any time the funds applicable to the purposes of this feature shall, in the opinion of the committee, be more than sufficient to provide for the persons mentioned above, such surplus shall be applied to aid or support such class or classes of the company's employees, members of the relief feature, as the committee may think most deserving and most in need of help, under such supplemental regulations as the committee may then adopt.

No member shall be entitled to wages from the company and to a pension allowance at the same time, or to benefits from the relief feature and a pension at the same time.

Pensions will be paid monthly. Each pensioner will receive a daily allowance, excluding Sundays, equal to one-half the benefits provided to be paid for sickness, under the regulations of the relief feature, to a member of the class to which the pensioner would, while in the service, have been assigned under said regulations, had he been required to become a full member of said feature. In the case of a pensioner who has been continuously a member of the relief feature of the Baltimore & Ohio Employees' Relief Association fifteen years, this allowance will be increased by the addition of 5 per cent. thereof; and a like addition will be made for each additional term of five consecutive years of such membership.

The following table shows in brief the amount of daily allowance to pensioners: —

| | Ten Years Membership and under, One-half Sick Rate. | Fifteen Years Membership, 5 Per Cent. Additional. | Twenty Years Membership, 10 Per Cent. Additional. |
|---|---|---|---|
| Those contributing under relief feature to class A, | $0 25 | $0 26¼ | $0 27½ |
| Those contributing under relief feature to class B, | 50 | 52½ | 55 |
| Those contributing under relief feature to class C, | 75 | 78¾ | 82½ |
| Those contributing under relief feature to class D, | 1 00 | 1 05 | 1 10 |
| Those contributing under relief feature to class E, | 1 25 | 1 31¼ | 1 37½ |

The committee may at any time make a percentage reduction of all pensions, or further limit the classes of persons who may become pensioners.

The statement of a member's age contained in his application for membership in the relief feature shall, for the purposes of this feature, be final and conclusive.

For the purposes of this feature, members shall be considered as in the company's service during the time they receive benefits from the relief feature.

The failure of any pensioner to claim his benefits for two years, counted from the last payment to him, shall be presumptive evidence that such pension has terminated by reason of the pensioner's death; and his name shall be stricken from the list of pensioners, subject to the right of restoration to the same on a new application by the pensioner, and satisfactory accounting to the superintendent for his failure to claim his pension.

Upon the death of a pensioner, the accrued pension to the date of his death shall not be considered a part of the estate of the deceased, nor liable to be applied to the payments of the debts of said estate in any case whatever, but shall inure to the sole and exclusive benefit of his widow or children; and if no widow or child survive, no payment whatever of the accrued pension shall be made or allowed, except so much thereof as may be necessary to defray the expenses of the burial of the decedent, in case he shall not leave sufficient assets to meet such expenses, and the burial expenses thus to be allowed shall be in the discretion of the superintendent.

Any pledge, mortgage, sale, assignment or transfer of any right or claim to any pension granted under these regulations shall be void and of no effect; and no one save the pensioner himself, or, in the event of his death, his widow or children, shall be entitled to receive such pension; but the payment to persons laboring under legal disabilities may be made to such persons as the committee may think proper.

No sum of money due or to become due to any pensioner under this feature shall be liable to attachment, levy or seizure by or under any legal or equitable process whatever, whether the same remains with the relief department or any agent thereof, or is in the course of transmission to the pensioner entitled thereto, but shall inure wholly to the benefit of such pensioner. Should any creditor of the pensioner endeavor to collect the pension by process of attachment, or by any other legal or equitable process laid in the hands or served upon the company or the relief department for the purpose of paying the debt due by the pensioner to such creditor, or any part thereof, all the money due or yet to become due by the department to such pensioner shall be forfeited to the department, and shall belong to it absolutely, to be dealt with as the committee shall deem proper.

These regulations shall in no way affect any pension heretofore granted to any person admitted to the pension feature of the Baltimore & Ohio Employees' Relief Association.

The pension plan of the International Harvester Company was organized September 1, 1908. This plan was formulated by a committee of the company, after a thorough study of the leading pension schemes already in existence. As a product of recent and thorough investigation in this field, the plan is here presented, as set forth in the pamphlet, "Benefit and Pension Plans for the Employees," issued by the International Harvester Company: —

Pension Plan of the International Harvester Company.

The board of directors, after careful consideration of the subject and an examination of the various pension systems now in operation, have approved the following plan as the best and most liberal for employees who by long and faithful service have earned an honorable retirement.

The directors establish this pension fund as an evidence of their appreciation of the fidelity, efficiency and loyalty of the employees.

In the administration of this pension system are associated International Harvester Company, International Harvester Company of America, and subsidiary companies.

*Pension Board.*

1. *Administration.* — The administration of the pension fund shall be in charge of a pension board, consisting of five members, who shall all be officers or employees of this company or of affiliated or subsidiary companies, and shall be appointed annually by the board of directors of this company, to serve for one year and until their successors are appointed and shall qualify.

2. *Officers.* — The pension board shall elect a chairman and a secretary from among its members, and the treasurer of this company shall be ex-officio treasurer of the fund. The board may make and enforce rules for the efficient administration of the pension fund, subject to the approval of the board of directors. The pension board shall control the payment of pension allowances under the rules hereinafter stated.

3. *Quorum.* — A majority of the pension board shall constitute a quorum for all purposes.

4. *Representation.* — The members of the board shall be so chosen that the principal departments of the business shall have representation.

*Pension Fund.*

5. The treasurer of the company shall be the custodian and treasurer of the fund, and additions shall be made to said fund yearly or from time to time, according to the aggregate pension allowances and the amount available in the pension fund for payment of the same. Should the aggregate pension allowance exceed $100,000 in any one year, then, unless the board of directors increases the yearly amount usable for pensions, a new rate shall be established, proportionately reducing all allowances.

Payments from this fund shall only be made in accordance with and by direction of the pension board.

*Eligibility.*

6. The pension board may authorize the payment of a pension to any retired employee, on the following basis: —

(*a*) All employees of this company and of subsidiary and affiliated companies, engaged in any capacity, are eligible to pensions as hereinafter stated.

(*b*) All male employees who shall have reached the age of 65 years, and have been twenty or more years in the service, may, at their own request, or at the discretion of the pension board, be retired from active service and become eligible to a pension.

(*c*) All male employees who have been twenty or more years in the service shall be retired at the age of 70 years on the first day of the calendar month following that in which they shall have attained said age, unless at the discretion of the pension board some later date be fixed for such retirement. Persons occupying executive positions are exempt from maximum age limit.

(*d*) All female employees who shall have reached the age of 50 years, and have been twenty or more years in the service, may, at their own request, or at the discretion of the pension board, be retired from active service and become eligible to a pension.

(*e*) All female employees shall be retired at the age of 60 years, on the first day of the calendar month following that in which they shall have attained said age, unless at the discretion of the pension board a later date be fixed for such retirement. Persons occupying executive positions are exempt from maximum age limit.

*Definitions.*

7. The terms "service" and "in the service" apply to all employees of the International Harvester Company, or of any affiliated or subsidiary companies which are now or may hereafter be owned or controlled by it, and of the International Harvester Company of America, who have received a stated and regular compensation from

any of said companies. The term of service shall be reckoned from the date of commencing with the original company whose property and business shall have become those of the International Harvester Company, or any subsidiary companies, or of the International Harvester Company of America.

*Temporary Absence.*

8. A temporary lay-off on account of illness or of reduction of force is not to be considered as a break in the continuity of service; but when such absence exceeds six consecutive months, it shall be deducted in computing the length of active service.

*Leaving Service.*

9. If a person, after leaving the service for more than two years, shall be re-employed, he shall be considered in his relation to the pension system as a new employee.

*Pension Allowances and Conditions.*

10. *Amount.* — The sums which the board of pensions may authorize to be paid monthly to employees retired at the age limit shall be as follows: for each year of active service, an allowance of 1 per cent. of the average annual pay during the ten years next preceding retirement; but no pension shall exceed $100 per month, or be less than $18 per month.

11. *Payment.* — (*a*) Pension allowances shall be paid on the first of each month from the date of retirement until the death of employee.

(*b*) At the discretion of the pension board, these allowances may be continued to widows and orphans of a pensioner for a limited period.

(*c*) Pension allowances shall be non-assignable, and an attempted transfer or pledge of the same shall not be recognized by the pension board, and may, in its discretion, work a forfeiture thereof.

(*d*) Pension allowances may be suspended or terminated by the pension board in cases of gross misconduct or of any violation of the rules, or, at its discretion, may be paid to some member of the family.

(*e*) The acceptance of the pension shall not debar any retired employee from engaging in any other business which in the judgment of the pension board is not prejudicial to the interests of this company or of any affiliated or subsidiary company, but he cannot re-enter service.

(*f*) No payments for pensions shall be approved by the pension board until payment from any relief fund operated by this company, or any affiliated or subsidiary company, shall cease.

*Pension, — how computed.*

12. The amount of pensions granted on account of advanced age will depend, as before stated, on two conditions: the number of years the person has served the company, and the amount of his average wages per year for the ten years next preceding retirement. Thus, for illustration, if the average pay per year for the last ten years of active service equals $600, and if the service has been continuous for twenty-five years, the pension would be 25 per cent. of $600, or $150 per year, or $12.50 per month. Since the minimum pension has been fixed at $18 per month, then to this regular percentage $5.50 would be added, making the minimum sum of $18.

In special cases, where the term of service is less than twenty years, the pension and the amount of same, if any, will be determined solely at the discretion of the board of pensions.

Department heads are expected to keep informed of the whereabouts and physical condition of former employees receiving pensions, and are required to advise the secretary of the board of pensions of the death of the pensioner, and of any other circumstances which would affect his monthly payment.

A physical examination by a company surgeon, or, in case of female employees, by a surgeon approved by the board of pensions, will be required of employees who wish to be retired on a pension allowance because of incapacity.

*How to secure a Pension.*

13. An employee wishing to apply for a pension should first take up the subject with the superintendent at the works where he is employed, or the head of the department in which he is serving, or with a member of the pension board. A form will then be furnished, which must be filled out and signed, giving the necessary information concerning the applicant's age, length of service and wages. This formal application must be signed by the works superintendent or head of department employing applicant, and then sent to the secretary of the pension board at his office.

*No Contractual Rights conferred.*

14. Neither the establishment of this system nor the granting of a pension, nor any other action now or hereafter taken by the pension board or by the officers of this company, shall be held or construed as creating a contract, or giving to any officer, agent or employee a right to be retained in the service, or any right to any pension allowance; and the company expressly reserves, unaffected hereby, its right to discharge without liability, other than for salary or wages

due and unpaid, any employee, whenever the interests of the company may in its judgment so require.

The latest railroad pension plan is that of the New York Central Lines, which was adopted November 10, 1909, to go into effect January 1, 1910. The rules governing the operatives of the system are as follows: —

Pension Department of the New York Central Lines.

*Rule No. 1.* — The administration of the pension department shall be in charge of a committee, to be known as the "Board of Pensions," consisting of eight persons to be appointed annually by the president of the company.

The board of pensions shall elect a chairman from among its members, shall appoint a secretary, and shall have power, subject to the approval of the president and board of directors, to adopt such rules for the government of the pension department as it may deem advisable.

It shall also have power to determine the eligibility of employees to receive pension allowances, and to authorize the payment of pensions as provided in the rules.

*Rule No. 2.* — (*a*) All employees of this company who attain, or who shall have attained, the age of 70 years, shall be retired. Such of them as shall have been continuously in the service for at least ten years immediately preceding their retirement shall be pensioned.

(*b*) Any employee who has been at least twenty years in continuous service, and who, in the opinion of the board of pensions, has become unfitted for duty, may be retired and pensioned. Any such employee may make application or be recommended by his employing officer for retirement.

Examination by physicians appointed for that purpose will be required of all employees less than 70 years of age who apply, or who are recommended for retirement, before the attainment of that age.

Retirements shall be effective: (*a*) in the case of employees attaining the age of 70 years, on the first day of the calendar month following the attainment of that age; (*b*) in other cases, on the first day of the calendar month following the approval for retirement by the board of pensions.

*Rule No. 3.* — Pension allowances authorized are to be computed upon the following basis: for each year of continuous service, 1 per cent. of the average monthly pay received for the ten years next preceding retirement.

The board of directors of this company reserves the right to estab-

lish a new and lower basis of pension allowances if at any time it shall be found that the basis adopted will create demands in excess of the sum of $225,000 per annum, which sum has been fixed by the board of directors as the maximum amount to be expended for pension allowances in any one year. Notice of such new basis will be given before the first of the calendar year during which it may be decided to put the same into effect.

*Rule No. 4.* — Pension allowances, when authorized pursuant to these regulations, shall be paid monthly, during the life of the beneficiary; provided, however, that in case of gross misconduct allowances may be withheld or discontinued, at the option of the board of pensions.

*Rule No. 5.* — The terms "service" and "in the service" refer to exclusive employment on or in connection with the railroads owned, leased or operated by this company at the time of the adoption of these rules.

Employment on any of these railroads, whether prior or subsequent to their control by this company, shall be included in determining the length of service of an employee.

Employment on any of the so-called "New York Central Lines," or the railroads owned, leased or operated by them at the time of the adoption of these rules, which have adopted or shall adopt a like pension plan to that herein set forth, shall be included in determining the length of service of an employee; provided, however, that such employment was not terminated by dismissal or suspension without reinstatement, and provided that the transfer in employment was made with the approval of the employing officers of both lines.

*Rule No. 6.* — Service shall be considered "continuous" from the date since which the employment has remained unbroken; but leave of absence, suspension for discipline, or temporary lay-off (not exceeding one year) on account of reduction of force, shall not be considered a break in the continuity of service.

Persons who leave the service will not be entitled to pension allowance, and if any such persons shall be re-employed, they shall be considered, for the purpose of the pension system, as new employees.

*Rule No. 7.* — In computing service it shall be reckoned from the last date of entry into the service to the date of retirement, deduction of the actual time out of service, as provided in the foregoing section, being made, and any fractional part of a month being eliminated from the final result.

*Rule No. 8.* — The acceptance of a pension allowance shall not debar a retired employee from engaging in other business, but such person shall not re-enter the service.

No assignment of pensions will be permitted or recognized.

*Rule No. 9.* — No action of the board of directors in establishing a

system of pensions, and no action by the board of pensions in the operation of the pension department, shall be construed as giving to any employee of this company a right to be retained in the service, or any right or claim to any pension allowance.

This company expressly reserves its right and privilege to discharge from its service, at any time, any employee, when its interests so require, without liability for pension.

*Rule No. 10.* — These rules may be amended at any meeting by vote of the board of pensions, subject to approval of the president and board of directors.

The pension scheme embodied in an act of the Massachusetts Legislature, passed in 1909, authorizing the Boston & Maine Railroad and its employees to establish a co-operative pension system, is in several essentials very different from the plans of other railroad companies which have just been described. This plan has not yet gone into operation,[1] as it has not been accepted by the directors and the employees of the company, in accordance with the referendum provision of the bill.

With rare exceptions the pension plans of the other railroad companies are non-contributory and autocratic in character. That is, the funds are furnished entirely by the company, and the employees are given little if any share in the management; the pension system may in many cases be discontinued at any time by action of the corporation alone. The Boston & Maine plan, on the contrary, is contributory and co-operative. The plan provides for joint contributions by employer and employed, and for participation of the latter in the management through representation on the board of trustees. The co-operative principle also appears in the provision that makes the establishment of the system dependent upon acceptance by the employees, through two-thirds vote of those present and voting upon the question.

The bill provides for the formation of a pension association after the adoption of its provision by the board of directors and the employees. Membership in the association is obligatory for all new employees. Persons already in the employment of the company when the system is established

[1] December 15, 1909.

are not compelled to participate in the pension system in case they have voted against its acceptance, and within three months thereafter have recorded their objections in writing. Members of the association contribute a certain percentage of their wages, not less than 1 per cent. nor more than 3 per cent., to create a fund out of which annuities are paid upon their retirement. The company contributes an equivalent amount, to provide pensions supplementary to the annuities. That is, a member retired under the provisions of the plan receives an allowance, made up of an annuity provided by his contributions and a pension provided by the contributions of the company. The combined amount of the annuity and pension paid to any member must be at least $200 dollars per year. Members may also make additional contributions to purchase extra annuities.

The conditions of retirement as regards age and service period are to be determined by the board of trustees. Provision is made for the fixing of an age of voluntary retirement, an age of compulsory retirement, and a certain period of continuous service which shall entitle to a pension. The board of trustees has the general management of the pension system, under the supervision of the State Insurance Commissioner and the State Actuary.

The pension fund is exempt from taxation. The right to a retirement allowance is inalienable. In various ways the rights of employees in relation to the pension system are more definite and extensive than in the usual corporation schemes.

The commission has made special inquiry regarding retirement systems established by employers in Massachusetts. A circular letter of inquiry was sent out to over 1,000 corporations and individual employers of labor in this Commonwealth, asking for information concerning any scheme of old age pensions or insurance which might be in operation. To this inquiry 362 replies were received. Of the establishments giving information, only 4 have a regular system of retirement pensions; several other concerns report the grant of occasional pensions by a special vote. It may be noted

further that 45 establishments report the existence of benefit or insurance schemes not providing for old age.

In explaining the absence of provision for old age pensions or insurance, employers replying to the inquiry touch upon two main reasons. In the first place, it is pointed out that the existence of the business itself is in some cases too uncertain to warrant the establishment of a system of old age pensions or insurance. It is clear that only business concerns that are well established, and sure of a reasonable degree of permanency, can afford to undertake old age provisions for their employees. In the second place, attention is called to the fact that the working force itself is often unstable and transitory in its make-up. Employees come and go, remaining with the concern only a short time, and consequently establishing no claim to special consideration in the form of opportunity for old age insurance. In other words, the conditions which must be fulfilled in order to make possible the introduction of a successful system of old age pensions and insurance, namely, stability of the business itself and permanence of the working force, are wanting in the great majority of establishments.

The concerns that report the existence of a regular pension system are the Talbot Mills, North Billerica; Gilbert & Barker Manufacturing Company, Springfield; the Simonds Manufacturing Company, Pittsfield; and the Boston Elevated Railway Company.

The Chicopee Manufacturing Company, Chicopee Falls, states that there is a plan in operation of giving the privilege to those who have worked continuously for fifty years of retiring on half pay, or working and resting intermittently, receiving half pay while resting and full pay while at work. The concern has pensioned three persons by this arrangement.

The plan in operation in the Talbot Mills provides for pensions for employees who have been in the service of the company not less than fifteen years, under the following conditions: any such person incapacitated for labor through old age or through other cause for which he is not responsible, may be retired on pension; any such person who has reached

the age of 70 years may retire on pension at his pleasure. The amount of the annual pension is a certain percentage of the average annual wages for the ten years next preceding retirement; for fifteen to thirty-five years of service the rate is 1 per cent. per year for every year of service; and for periods longer than thirty-five years the pension is 50 per cent. of the average wages. No pension shall exceed $500. The pensioned employee who engages in any employment for compensation, except with the approval of the management, forfeits a pension. No pension is given when incapacity to work is the result of intemperance, or of a cause within the control of the employee.

The Gilbert & Barker plan provides that any officer or employee who has given twenty-five years of continuous and satisfactory service to the company, and has attained the age of 65 years, may be put on the annuity roll, at the discretion of the directors, to receive an allowance of 25 per cent. of his average pay for the ten years preceding retirement. Furthermore, any officer or employee between the ages of 60 and 64, who has been for twenty years in the service of the company, may retire at his request, with the approval of the directors, or may be relieved by the directors from further service and placed on the annuity roll, to receive an allowance equal to 50 per cent. of his average pay for the ten years preceding retirement, this rate to continue to the time the recipient is 65 years of age, and the rate thereafter to be 25 per cent. The directors reserve the right at any time to abolish or modify the annuities, both in their general form and in their application to individuals.

The Simonds Company plan provides for the retirement of employees between the ages of 65 and 70 who have become unable, through disability or other cause, to perform the active duties of their positions. The retirement is optional, not compulsory; that is, an employee who is still in condition to do good work at 70 years of age is not retired unless he so desires. The retirement allowance amounts to 1½ per cent. of the average pay for the preceding five years, multiplied by the number of years of service.

The Boston Elevated retirement plan was adopted early in 1903. Under its provisions any call service man unfit to perform further service for the company, who has been continuously employed for twenty-five years, or who has reached the age of sixty years and has been continuously employed for fifteen years, shall receive a sum not exceeding $25 per month during the rest of his life. If an employee eligible to this allowance is still capable of doing work, he is given such employment as he can undertake, and is paid for it at regular rates. In case such payment does not amount to $25 per month, or the sum granted him as a retiring allowance, he is paid the difference. The number of men to whom retirement allowances have been granted during the past six years is 79. Of this number, 38 are now on the list. The average amount of the allowance has been somewhat more than $25 a month, because several employees who had higher positions in the operative department were retired on pension. The amount paid in allowances at the present time is $922 per month.

It is impossible to state the number of employees provided for under all the pension systems in the country, or the amount of expenditure for pensions. Returns gathered by the Massachusetts Bureau of Statistics of Labor in 1906, from 14 railway companies operating pension systems, show that the aggregate expenditures from their pension funds had amounted to $3,999,886.07. The number of pensioners carried was 3,806. An estimate for the year 1903, made by Mr. Max Riebenack, comptroller of the Pennsylvania Railroad Company, stated the aggregate annual appropriation for pensions by the 16 pensioning railway companies to be $1,350,000. The number on the pension rolls was 3,200. The amount of railway mileage represented was about 50,000, or 25 per cent. of the total mileage of the country; the number of employees was 500,000, or about 38 per cent. of the total number of railway employees.

The industrial corporations that have established pension systems are in the majority of cases employers of labor upon a very large scale. Indeed, the establishment of insurance

and pension systems seems to be one of the usual features of the policy of the large corporations. The number of industrial workers who are now provided for by these pension plans must represent a very considerable proportion of the entire working class.

As these pension plans have been in operation only a few years, it is, of course, too early to draw conclusions regarding the degree of success attained. It is significant, however, that many corporations have increased their expenditure for pensions, while none — so far as can be learned — has abandoned a pension system once tried, or reduced the expenditure for this purpose. What has been done thus far appears to represent a beginning in a movement that promises to do much toward solving, at least in part, the problem of industrial superannuation. It is a fact of striking interest that, at a time when European governments are instituting systems of State insurance and pensions, maintained wholly or partly by general taxation, the American railroad and industrial corporations are attempting to solve this problem on their own initiative, through private systems supported by the revenues of the pensioning company.

### 5. Pension System of the Friedrich Krupp Company, Essen, Germany.

The welfare institutions of the Friedrich Krupp Company have often been described, but of particular interest in this connection are the insurance, savings and pension systems or funds, which have many features deserving of careful consideration in the United States. All of the thrift institutions of the company are conducted solely for the benefit of the employees, and the company itself contributes substantial subsidies to secure more than a commercial success. Through the courtesy of the Hon. John F. Dryden, president of the Prudential Insurance Company of America, we are able to present a summary account of the Krupp pension system.[1]

[1] This material is embodied in letters and reports made to the Prudential Insurance Company by its statistician, Mr. Frederick L. Hoffman, who made an extended personal investigation in Germany and Austria in 1909, for the purpose of obtaining accurate and conclusive information regarding government insurance in those countries. For an account of the savings and insurance features of the Krupp Company see Appendix E.

The pension system of the company is quite complex, and difficult of precise explanation. It is compulsory, and on this account much controversy has arisen, which has led to litigation and interpellation in the Reichstag through the agitation of members of the socialistic party. The question is not so much the principle of compulsion as the principle of forfeiture of payments made by the members who leave the employ of the firm. The system was introduced many years ago, but has been amplified to enlarge the scope of government pensions, which seldom exceeds 20 marks a month. It is explained that formerly the pension premium paid by the workmen amounted to 1.3 per cent. of the wages, but they now amount to 2.5 per cent., to which the firm adds a necessary subsidy. The application for work carries with it an application for membership in the pension fund.

Financially, the pension fund is of great importance, and the funds amount to nearly 20,000,000 marks, or about $5,000,000. The pension system is limited to wage earners whose earnings do not exceed 6.75 marks a day, or 2,000 marks a year. The member must pay an initiation fee of one and a half times the daily pay, and after that 2.5 per cent. of the earnings, which are deducted and accounted for on the pay envelope. The firm pays annually by way of subsidy an amount equivalent to the full sum paid by the workmen. The pensionable period begins after twenty years, but in case of men employed at very heavy work, after fifteen years. Participation in the system begins with the eighteenth year of life. The completed sixty-fifth year, or forty years of service, gives the workmen as well as the firm the right to pensionable retirement. Half-invalids, or those partially incapacitated, receive pro rata pensions. The following table will illustrate the pension system in actual practice: —

Pension System of the Friedrich Krupp Company.

| (1) Years of Service. | (2) Pension for an Annual Income of 2,000 Marks. | (3) Widow's Pension One-half of Pension in Column (2). | (4) Pension for One Child when the Mother is alive or is dead. | |
|---|---|---|---|---|
| | | | Alive. | Dead. |
| | Marks. | Marks. | Marks. | Marks. |
| 20, . . . . . | 800 | 400 | 80 | 120.00 |
| 25, . . . . . | 950 | 475 | 95 | 142.50 |
| 30, . . . . . | 1,100 | 550 | 110 | 165.00 |
| 35, . . . . . | 1,250 | 625 | 125 | 187.50 |
| 40, . . . . . | 1,400 | 700 | 140 | 210.00 |
| 44, . . . . . | 1,500 | 750 | 150 | 225.00 |

In other words, the workman receives after twenty years of service a pension of 40 per cent., his earnings increasing yearly by 1.5 per cent. up to a maximum after forty-four years of 75 per cent. When the pensioner dies, his widow is entitled to 50 per cent. of the pension, and every child to 10 per cent., but mother and children together cannot receive more than 90 per cent. of the pension; but if the mother is dead, each child receives 15 per cent. of the pension of the father. The firm withholds one-half the government pension to partly reimburse itself, while the other half, of course, tends to increase the income of the workman in his old age. But the firm has gone far beyond this in its wonderful and truly magnificent welfare institutions for the aged and infirm.

The pension system, on December 31, 1908, included some 32,441 workmen; but the average number employed during the year has somewhat declined, due to the really hard and alarmingly distressed state of German industry in all its branches at the present time. The average membership for a period of years has been as follows: —

Pension System of the Friedrich Krupp Company.

| Year. | Average Membersh.p. | Year. | Average Membership. |
|---|---|---|---|
| 1884, . . . . . | 10,214 | 1898, . . . . . | 23,427 |
| 1888, . . . . . | 13,168 | 1903, . . . . . | 22,401 |
| 1893, . . . . . | 16,936 | 1908, . . . . . | 32,208 |

On January 1, 1909, some 7,460 of the members of the fund had a service record of at least fifteen years, and of this number 4,081 had been at work more than twenty years. Naturally, the proportion of the aged under a definite pension system tends to increase, but what the increase has been in recent years is not known. It would seem, however, that the future is viewed with some apprehension, considering the possible financial effect of a material decline in the adult death rate.

Up to December 31, 1908, the pension fund had paid out 20,226,000 marks. The average pension paid in 1908 was 683 marks in the case of men, 336 marks in the case of widows, and, including payments on account of children, 366 marks. To the first-named average, in the case of men, comes in many (and probably in most) cases the government invalidity pension, which varies between 125 and 248 marks, and which will average 186.50 marks; and also, but in a lesser number of cases, the government old age pension, which varies between 163 and 213 marks. It is stated that the average sum paid in pension (including the government pensions) to a pensioner of the Krupp Company is 870 marks, which, even by an American standard of life, represents quite a comfortable income, but which, by an average German wage earner's income of about 1,500 marks, gives him about half what he has been paid during his active working lifetime. Of the pensions granted in 1908, the average, including the government invalidity pension, was 940 marks. The average widow and orphan pension was 408 marks. In this connection the following tabulation will prove of interest, as showing the range of the pensions between the lowest and highest amounts granted in 1908: —

Pensions paid by the Friedrich Krupp Company in 1908.

| Amount of Pension (Marks). | Number of Pensions. | Per Cent. | Amount of Pension (Marks). | Number of Pensions. | Per Cent. |
|---|---|---|---|---|---|
| 300-360, . . . . | 4 | .2 | 720-780, . . . | 233 | 11.3 |
| 360-420, . . . . | 18 | .9 | 780-840, . . . | 226 | 11.0 |
| 420-480, . . . . | 57 | 2.8 | 840-900, . . . | 174 | 8.4 |
| 480-540, . . . . | 135 | 6.5 | 900-960, . . . | 152 | 7.4 |
| 540-600, . . . . | 199 | 9.7 | 960-1,020, . . . | 97 | 4.7 |
| 600-660, . . . . | 246 | 11.9 | 1,020-1,080, . . . | 77 | 3.7 |
| 660-720, . . . . | 229 | 11.1 | 1,080-1,500, . . . | 215 | 10.4 |

The age distribution of the 2,062 pensioners in receipt of pensions on December 31, 1908, was as follows: at ages 35–40, there were 4; at 40–45, 59; at 45–50, 503; at 50–55, 503; at 55–60, 678; at 60–65, 464; at 65–70, 150; at 70–75, 22; and at 75–80, 1; so that there were only 173, or 8.4 per cent., of the 2,062 persons above the usual pensionable age of 65.

The amount of distribution of widows' pensions was, of course, quite different, on account of the fact that they receive only 50 per cent. of the premiums paid to men; but, of the 1,466 paid in 1908, as many as 70 were in amounts of 600 to 720 marks per annum, 12 at 720 to 840, and 6 at 840 to 1,080 marks. As emphasizing the peculiar danger of such a plan, mention may be made of the fact that, of the pensioned widows, 3 were as young as 25–30, and 22 were between the ages of 30 and 35; while also, in contrast, 150 were of 65 and over, or 10.2 per cent. of the 1,466 under consideration. Of every 100 widows, 43 had to support children.

As far as the present experience has gone, the average pension duration has been ten years for men and about fourteen and a half years for women. One man has drawn a pension for thirty, and one woman for thirty-four years. Many of the pensioners have moved away to inland places, where the cost of living is much less, so that the value of the pension is greater than it would be in Essen itself. In such case the pensioner must, once a year, send a medical proof of being alive. In other and especially deserving cases the pen-

sioner can secure a beautiful home in the colony built by the firm. At the time, 219 pensioners, with their families, and 29 widowers and 27 widows, live in this colony, which in itself illustrates the ever-increasing importance of the housing question in its relation to insurance. The firm has tried the house purchase plan, through instalments, by its employees, but it was found unsuitable, and they therefore retain control of a large number of dwellings, suitable to both workmen and officials. The pension fund has the legal status of a corporation, absolutely independent of the firm of Friedrich Krupp. The management is jointly elected by the firm and the employees, and included in the board of directors are such occupations as machinists, turners, melters, etc.

In 1908 the total income of the pension fund was 3,367,507 marks, and of this amount 54,299 marks were for admission fees and 1,229,805 marks were the regular payments on the part of the employees (2.5 per cent. of their wages), to which the firm added the same amount as a subsidy. There was paid out in pensions the sum of 1,978,241 marks, and for other expenses 2,718 marks. The firm pays also the quite considerable expense of administration, which is not included in the foregoing account. The investment of the 20,551,309 marks is all in government or State securities earning from 3 to 4 per cent. As is usual, the book value of the investment is often somewhat less than the stock exchange quotations on the 31st of December, as required by law. The fund is not subject to the imperial supervising insurance office, but to the direct supervising power of the local government and the police.

What has been done by the Krupp Company has been done to a lesser degree by most of the large German industrial undertakings. At best and at most the security and support obtained through government insurance, but especially in the case of old age pensions, is a minimum, to which most of the large factories, mines, etc., add to improve the conditions of life for their employees.

At Bochum, a few miles from Essen, is the Bochum Steel Company, a concern employing about 5,000 men. They also have a pension fund, established in 1895, upon the

general principle of the Krupp Company; and, beginning with 154 members, they had in 1908 some 354 members. This fund is only for officials and clerks earning at least 2,000 marks a year. This practically excludes workmen generally, whose earnings will not average much more than 1,500 marks a year. It is provided in this case that in the event of a man leaving the service, and having paid for less than five years, his payments are forfeited to the fund. Between the fifth and tenth year of membership, in the case of withdrawal the amounts paid during this period are returned without interest, while after ten years of membership there are some additional privileges. Every member has to pay an entrance fee of one month's pay, and in the case of a subsequent increase in pay a proportionate payment has to be made. After this formality has been complied with, the member pays 3 per cent. of his annual income, which amount is deducted from the pay of the employee by the company in behalf of the fund. Persons with more than 6,000 marks salary are not eligible to the fund. The company pays by way of subsidy at the end of each year as much again as the members have paid, so that the pensions are practically secured at half cost. After five years of membership the payments can be increased from 3 to 4 per cent., if the association finds it necessary to do so to carry out its obligations. Correspondingly, however, if the membership fees are increased, the company will make an equal addition to the annual income of the fund.

The benefits are, in brief, a retirement pay after at least five years' membership of fifteen-sixtieths of the salary then attained, and this is increased with each additional year by one-sixtieth up to the maximum of forty-five-sixtieths of the last received annual salary of the employee. There are many other and special provisions which qualify the conditions under which pensions are payable, but which are here omitted. Full details of the fund are given in the by-laws, and an annual report is published, as in the case of the Krupp pension fund. On September 11, 1906, the funds of the association amounted to 2,280,000 marks; the present total

is about 3,000,000 marks. The normal age at which the pension begins is 65, except in the case of earlier and complete incapacity for work. The support of widows and children is included, and in the same proportion as in the case of Krupp. Up to date, the company has paid about 1,150,000 marks to the fund as a voluntary addition, aside from the 4 per cent. which is paid annually. For all its welfare institutions the company, up to 1908, had paid nearly 10,000,000 marks. What is being done voluntarily is, of course, a material addition to what is being done in compliance with the various laws governing workingmen's insurance, and the combination provides for German workingmen a degree of economic and social security unattained in any other country of the world.

6. Old Age Benefits of British Friendly Societies.

The friendly societies of Great Britain make provision for old age insurance only to a limited extent. These societies have been defined by W. F. Willoughby[1] as "voluntary institutions, organized by the middle and working classes for the purpose of aiding their members in times of distress. The assistance given to them includes relief in almost every possible contingency in which a member is subjected to unusual expense, or is unable to earn his accustomed wages. They thus insure against sickness, accident, unemployment, and, to some extent, against old age." These societies provide also for the payment of so-called death benefits, a form of insurance designed to pay burial expenses. The old age insurance plays a far less important rôle in the operations of these societies than the insurance against sickness and the provision of death benefits.

The development of voluntary insurance through the friendly societies is one of the most interesting phases of the social-economic history of England. The historical germ of these societies may be found in the medieval trade guilds. In their present form, however, the friendly societies came into existence about the first half of the seventeenth century. After the rise of the factory system in the nineteenth century these associations expanded rapidly.

[1] W. F. Willoughby, "Workingmen's Insurance," p. 235.

In the beginning the friendly societies were loose organizations, formed for the purpose of mutual assistance on the part of members in case of death or sickness. When a case of illness or death occurred, a collection was taken among the members for the benefit of the afflicted member or his family. Later, the amount of relief to be granted and the amount of assessment to be levied upon each member were fixed. Then, in the course of time, assessments were abolished and regular dues were established. At first the dues were uniform for all ages. Under this crude arrangement the younger members were disproportionately burdened to meet the expenses of benefit payments, since the liability to sickness increases with advancing age. Many societies, consequently, got into serious financial difficulties. An improved system of dues was therefore adopted, in which contributions were graduated according to the age of members upon admission.

As regards the provision made by friendly societies for old age pensions, Mr. R. P. Hardy, an English actuary, in a report prepared for the first Royal Commission on the Aged Poor, in 1893, distinguishes two classes of payment for this purpose, namely, direct and indirect. "A few societies," he states, "offer a distinct pension benefit at rates of contribution professedly corresponding to the liability undertaken." This form of direct pension, however, has not been utilized largely, partly because of lack of means to pay old age pension dues in addition to contributions to the sickness and funeral funds; partly because of disinclination to take advantage of a form of investment that yields only remote returns. The usual form of old age pension, therefore, is that provided through the ordinary sickness allowance, which may be paid during the prolonged invalidity of advanced years. Regarding the adequacy of the existing provision for old age pensions, Mr. Hardy observes that, if not absolutely untrustworthy, it is at least of a very shady description. "Upon the whole," he states, "as far as the mass of the existing friendly societies go, I consider that no sound, and in none a sufficient, provision exists for old age relief, in the sense now called for by public opinion."

An inquiry sent out by the British Old Age Pension Com-

mittee of 1898 to 175 of the principal friendly societies brought out the fact that 28 of the 34 societies that made reply to the question had some provision for the payment of superannuation or retirement benefits; 19 societies that supplied details regarding the number of pensioners and the amount of pensions gave sick pay to 15,750 members over 65 years of age, out of a total number of members above that age of 44,278. The amount paid in sick pay to these persons was £118,791. These societies had an aggregate membership of 1,588,165. The Manchester Unity, the largest of the great affiliated orders of friendly societies, replied to the question, "What provision does the society make for its aged members by pension, or permanent sick pay?" as follows: —

Branches as a rule provide for sick pay through life, although several districts in the society have lodges which do not admit new entrants unless they subscribe for superannuation benefits. The society has a central (or unity) superannuation fund, to which 18 members subscribe, and about 1,100 members subscribe in their respective lodges for superannuation benefits. Amendments have been recently made in the general rules providing for the admission of persons at and above 1 year of age, and tables of contributions and benefits inserted providing for superannuated benefits of such members on arriving at 65, provision for the contributions being both returnable and non-returnable. The general rules of the order stipulate that sick pay should not be paid unless a member is suffering from some specific sickness requiring medical attendance.

### 7. Old Age Benefits of Fraternal Organizations.

Fraternal insurance is insurance supplied by incorporated associations to their members on the co-operative plan. The form of insurance is commonly that of death benefits. Frequently, however, provision is also made for sickness, accident, invalidity, and even old age benefits.

Fraternal insurance had its origin in Great Britain through the friendly societies. From Great Britain the fraternal insurance migrated to the United States. The early history of the movement is strewn with financial wrecks. At first the rates were often made too low, and many societies became

insolvent. Later, the adjustment of rates was placed on a scientific basis. With scientifically adjusted rates, and under proper supervision, fraternal insurance has a legitimate place, and undoubtedly will continue to provide in part for the insurance needs of a considerable portion of the population.

So far as old age insurance or pensions is concerned, the amount of insurance provided by fraternal beneficiary corporations in this Commonwealth is so small as to be practically a negligible factor. Ninety-five Massachusetts corporations of this class are listed in the annual report of the State Insurance Commissioner for 1907 as doing business in Massachusetts, and 20 outside corporations. But only 3 organizations in the entire number provide any benefit that may be classed as an old age pension. The reason for this condition is that the law governing the fraternal beneficiary corporations does not authorize them as a class to pay old age benefits.

The general provisions relating to the incorporation of fraternal beneficiary societies do not include the payment of old age benefits among the objects for which they may be incorporated. Section 1 of chapter 119 of the Revised Laws, which governs the incorporation of such societies in this State, provides that: —

> Seven or more persons, residents of this commonwealth, may form a fraternal beneficiary corporation for the purpose of providing for the payment of benefits in the case of death, or disability, or of both. The disability may be temporary or permanent, and the result of sickness or of accident. Any educational, charitable, benevolent or social purpose may be united therewith.

It will be observed that this section does not recognize the payment of old age benefits as one of the purposes of these organizations.

In a later section of the laws relating to the incorporation of fraternal beneficiary associations, the payment of long service annuities, analogous to old age benefits, is authorized in the case of organizations whose membership is limited to public employees. This exception is made by section 11 of chapter 119, the second clause of which reads: —

A corporation organized as aforesaid which limits its membership to the permanent employees of towns or cities, the commonwealth, or the federal government, and which does not pay death benefits, may pay annuities or gratuities contingent upon disability or long service, and may fix the amount of the annual assessment therefor.

Under this exception, 3 associations are now paying long service benefits, which are practically old age pensions. These are the Somerville Police Relief Association, the Boston Teachers' Benefit Association, and the Teachers' Annuity Guild.

Another exception of the law is permitted by section 12 of chapter 119, which reads as follows: —

A fraternal beneficiary corporation, — or an association which limits its membership to a particular order, class or fraternity, or to the employees of towns or cities, the commonwealth, or the federal government, or of a designated firm, business house or corporation, — or a secret fraternity or order, — or a purely charitable association or corporation existing on the twenty-eighth day of June in the year eighteen hundred and ninety-nine or on the twenty-third day of May in the year nineteen hundred and one, — any one of which pays a death or funeral benefit not exceeding two hundred dollars, or disability benefits not exceeding ten dollars a week, or an annuity or gratuity contingent upon length of service not exceeding five hundred dollars in any one year, or any or all of said benefits, and which is not conducted as a business enterprise or for profit, may transact in this commonwealth such business, without otherwise conforming to the provisions of this chapter.

Under this section it would be possible for fraternal beneficiary corporations of the classes indicated to pay long service annuities, substantially of the character of old age pensions. As a matter of fact, however, no such corporations, so far as can be learned, are now paying old age benefits in the State.

Foreign corporations which pay death benefits are not admitted under the present law to do business in this Commonwealth. Section 13 of chapter 119 provides that fraternal beneficiary corporations, organized under the laws of other States, and "paying only disability and death benefits," may

do business in Massachusetts. This restriction prevents foreign corporations from paying old age benefits in this State.

The Somerville Police Relief Association, which is one of the 3 corporations paying long service gratuities, is a small organization, and according to its last report had only 3 annuitants of this class on its books. The provisions governing the payment of such annuities require ten years or more of service as a condition for eligibility. The recipient must, also, have been discharged or pensioned by the police department. The amount of the annuity is computed on the basis of 75 per cent. of a proportionate part of the net funds accumulated during the membership of the beneficiary.

The Boston Teachers' Mutual Benefit Association had, on January 1, 1909, 181 annuitants on its pay roll. The amount paid to annuitants in 1908 was $14,369.69. The constitution of this association provides for the payment of an initiation fee of $3 by each member, and for an assessment of ¼ of 1 per cent. of the annual salary of members receiving $1,000 or less, annually, with cumulative assessment of members receiving salaries in excess of $1,000, up to a maximum limit of $5 for the total annual assessment of any member. The permanent fund of the association is made up of gifts, legacies and the like, and the total amount received from initiation fees and assessments, less the current expenses, during the first two years from the date of organization, together with 50 per cent. of the initiation fees and assessments received thereafter. The annuity fund consists of 50 per cent. of the assessments and initiation fees and the entire income from the permanent fund. The whole of the annuity fund, less the current expenses, is "divided equitably among the annuitants, provided that no annuity shall exceed 60 per cent. of the yearly salary at the time of retirement, and that no annuity shall exceed the sum of $600." Members who become either physically or mentally incapacitated for school work, and all members after a term of service of thirty years, may be retired and may be granted annuities as thus provided.

The Teachers' Annuity Guild is a State organization. The

membership is confined by the by-laws to teachers in the public schools of Brookline, Cambridge, Chelsea, Lowell, Lynn, Newton, Somerville, Waltham, and such other cities or towns as have been or shall be admitted by a two-thirds vote of the board of trustees. The present membership represents 32 cities and towns. This association had 169 annuitants on its list December 31, 1908. The amount paid in annuities during the preceding year was $14,884.30. The initiation fee is $3. The regular assessment is 1½ per cent. of the rating to which the member is assigned. For purposes of assessment, members are divided into two groups, with ratings of $500 and $1,000. The permanent fund is made up of 40 per cent. of the total amount received from current assessments, together with all receipts from other sources. The annuity fund consists of 55 per cent. of the total amount received from current assessments and the entire income of the permanent fund, except such amount, not exceeding 10 per cent. of the income, as may be required to balance the expense fund for the current year. The latter fund consists of 5 per cent. of the total amount received annually from current assessments. The annuities are based upon the rating of the group, the annuities of the higher group being double those of the lower. The entire annuity fund is divided among the annuitants each year. Members who, in the opinion of the medical examiners, are in all probability permanently incapacitated, either physically or mentally, for further school work, and all members after thirty-five years of service, may be retired upon resigning their positions and may receive annuities as provided. A member, whether active or retired, otherwise entitled to an annuity, shall receive an annuity on the basis of the $500 group when he shall have paid a sum which shall equal thirty annual assessments of that group. If the member belongs to a higher group, he shall have his annuity based on the rate for the higher group, when the total amount paid shall equal thirty annual assessments of that group.

A circular of inquiry addressed to 60 of the leading fraternal beneficiary corporations organized outside of the State

of Massachusetts brought 36 replies. Of the associations replying, 31 stated that they pay an old age pension and annuity allowance, or gratuity in some form; 5 have no provision for old age benefits. Some of the latter, however, pay benefits for total and permanent disability. The age of 70 is the usual age at which an old age pension is payable. Twenty-four societies out of 26 answering the inquiry on this point give the age 70, and 2 the age 75, as the pensionable age. In many cases permanent disability is also required as a condition for the receipt of an old age pension. The amount of the pension is commonly one-tenth of the face value of the insurance certificate carried by the member. It is usually provided that the one-tenth shall be paid annually until the whole amount of the certificate has been cancelled, or for ten years, or until the age of 80. Twenty-five associations pay this amount of benefit. Two societies pay only one-twentieth of the amount of the certificate; 1 pays one-fifth in five instalments; and 1 pays one-half of the certificate upon its surrender. The great majority of the societies have thus far paid nothing on account of old age benefits, as they have been organized but a short time, and payments are not yet due. Fourteen societies report payments on this account, as follows: $100 for 2 members; $200 for 1 member; $200 for 2 members; $400 for 1 member; $400 for 2 members; $3,896.40 for 12 members; $7,276.58 for 17 members; $2,642.73 for 24 members; $5,700 for 34 members; $5,125 for 56 members; $10,000 for 200 members; $14,800 for a number of members unstated; $49,021.85 for 385 members; and $104,779.49 for 748 members.

In general, fraternal insurance provides old age annuities only to a very limited extent. Its chief function is the payment of death benefits to the family or heirs of the deceased members. It should be observed, furthermore, that this insurance reaches the members of the working class only to a comparatively slight degree, and the ranks of low-paid labor hardly at all.

### 8. Superannuation Benefits of Trade Unions.

The trade unions have thus far done comparatively little in the way of providing opportunity for insurance against old age. The older British unions have gone further in this direction than the labor organizations of the United States. Even in Great Britain, however, the number of unions that pay superannuation benefits is small. In 1904, the last year for which returns are available, 40 unions paid superannuation benefits, and the amount expended in this way was £276,396. It is noteworthy that the unions which have established this form of benefit are among the largest and the strongest in the United Kingdom, including organizations in the engineering, building, ship building and printing trades. About one-third of the total number of organized workers belonging to registered unions is represented in the group of those paying superannuation benefits.

The conditions for the receipt of a superannuation benefit call for a certain period of membership in the union, varying from ten to thirty years, inability to follow the usual employment, and in some cases a minimum age, varying from 45 to 60 years. Usually the beneficiary is not allowed to work while in receipt of a benefit.

The superannuation benefit is popular among the trade unionists, but the expenditure for this purpose has caused considerable financial embarrassment. The increase of the number of pensioners and of the amount of expenditure have imposed a growing burden upon the unions, which some of them have found hard to bear. In the case of the Amalgamated Society of Engineers, for example, the average number of members receiving superannuation benefits amounted to only 1 per 1,000 of the total membership in 1851; the percentage rapidly increased to 9 per 1,000 in 1868; during the next ten years it covered about 10 per 1,000; in 1879 it jumped to 18 per 1,000; the next year to 21 per 1,000; during the following decade it rose gradually, reaching 30 per 1,000 in 1892; then it moved steadily to 40 per 1,000 in 1899; and finally to 47 per 1,000 in 1903. The cost of

superannuation has risen accordingly. In 1851 the per capita cost for the year was only 2½d. (5 cents); with the exception of one year it did not reach 5s. ($1.22) until 1875; after that year the increase was rapid, and in 1881 the amount paid for superannuation benefits was 10s. 2½d. ($2.48); during the next sixteen years the cost mounted with some fluctuations until in 1897, the year of the great lockout, it reached 14s. 11½d. ($3.64); since that year the increase has been very rapid, and in 1903 the per capita superannuation expenditure amounted to 21s. 3d. ($5.17). The per capita expenditure for superannuation benefits in 1903 amounted to 33 per cent. of the total expenditure, and to 28 per cent. of the entire income of the society.

The experience of other unions paying superannuation benefits has been similar in respect to the increase of the number of pensioners and the amount of expenditure. The United Society of Boiler Makers and Iron Ship Builders paid only 33 cents per member for superannuation benefits in 1867, $2.12 in 1903; the United Kingdom Society of Coach Makers, 78 cents per member in 1867, $4.19 in 1903; the London Society of Compositors, 16 cents in 1877, $2.85 in 1903; the Steam Engine Makers Society, 85 cents in 1877, $2.31 in 1903. Concerning the adequacy of trade union superannuation benefits as offering partial solution of the problem of old age insurance, Mr. Walter E. Weyl, from whose report on the "Benefit Features of British Trade Unions," prepared for the United States Bureau of Labor in 1906, the foregoing figures have been taken, remarks: "While the superannuation benefit brings relief in certain cases, it does not begin to solve the problem of the dependence of workmen in their old age."[1]

Information regarding the superannuation features of American trade unions was gathered through a circular of inquiry sent out by this commission to all national and international labor organizations in the United States. Sixty-nine replies were received. Of this number, 60 organizations reported that they had no provision whatever for superannu-

[1] "Bulletin of the Bureau of Labor," 1906, p. 826.

ation benefits. Three societies, namely, the International Typographical Union, the Amalgamated Society of Engineers and the Amalgamated Society of Carpenters and Joiners, reported the existence of old age pension schemes in actual operation. Two societies, the Amalgamated Association of Street and Electric Railway Employees of America and the Pattern Makers League of North America, have adopted pension schemes which will go into operation when a certain amount of fund accumulates under the statutes adopted. Another society, the Wood, Wire and Metal Lathers International Union, passed the following vote at its convention in 1909: —

> When a member of this organization has been a continuous member for fifteen years, at the age of 60 years he shall be entitled to a benefit of $7 per week, providing he is unable to qualify as a lather according to our international law.

The pension system will not, however, go into effect for some time. The secretary of the organization explains that the provisions of the law are such as to make it certain that there will be no member eligible for pension until the society meets in convention again, and during the interval a report will be prepared which will propose some definite method of financing the pension system. Three other societies report the occasional payment of a benefit that might be classed as an old age pension, in the form of a sickness or disability allowance to aged members.

The International Typographical Union is the first distinctively American trade labor organization to institute an old age pension system. The Amalgamated Society of Engineers and the Amalgamated Society of Carpenters and Joiners both have headquarters in England, with a comparatively small membership in this country. The pension scheme of the International Typographical Union provides pensions for any member of the society who has reached the age of 60 years and has been in continuous good standing for a period of twenty years, and who finds it impossible to secure sustaining employment and has no other adequate means

of support. The amount of the pension is $4 per week. Any member earning $4 or over in any one week at the printing trade forfeits his pension for that week. The fund for the payment of pensions is provided by a tax of ½ of 1 per cent. on the weekly earnings of all members.

The pension system was adopted by the convention of 1907, and later was ratified by referendum, the vote standing 17,777 for and 9,194 against the pension scheme. The scheme represents an extension of the established policy of this organization to make provision for the partial support of its aged members. In carrying out this policy the union had established in 1894 a Union Printers' Home at Colorado Springs. The pension system was adopted to supplement the work of the home in providing for the maintenance of aged printers. The committee that submitted to the 1907 commission the draft of the pension scheme afterward adopted stated the need and the advantage of a trade union pension system, as follows: —

It is incumbent upon the International Typographical Union to devise some method for caring for our old and infirm members, who, through their steadfast loyalty and many sacrifices to the International Typographical Union, have made our present organization possible, — a plan that will insure them against abject poverty and public or private charity, — a pension suitable to their needs. Such a system is in keeping with the dignity and policy of the organization. The recent eight-hour struggle has left many old men, who gave up the last position they would ever have for the principle and honor involved; and for these benefits, lasting and positive to the young men, the old men have sacrificed their all, thus placing the International Union under a heavy mortgage to them, since without their aid the eight-hour struggle would not have been successful. The membership must be cognizant of the fact that there are many aged and incapacitated members who are unable to avail themselves of the benefits of the Union Printers' Home at Colorado Springs, because of family ties and long associations in their respective localities. The committee, mindful of this condition, believes that an old age pension is a solution of the question that confronts the International Typographical Union in discharging its obligation to such members as cannot take advantage of the home and its blessings. Aside from the sentimental features involved, there are at least two other points in the old age pension plan that should appeal to every member: (1)

As an organizing factor, its value to the International would be inestimable. To the printer outside the ranks it is sure to be so attractive, once it is established, that, instead of remaining outside, a constant menace, he is sure to identify himself with the union. (2) Because, as its basic feature, it has a provision for twenty years' continuous membership, lapses for any cause are sure to be reduced to a minimum. The fact that the International will reward the loyalty of its members by providing for their declining years will cause many to consider well before severing their connection with the organization for any of the trivial reasons which now influence them.

The pension assessment went into effect March 31, 1908. The report of the secretary-treasurer to the last annual convention of the union, held August 9–14, 1909, at St. Joseph, Mo., shows that the total receipts for the first complete fiscal year of the operation of the pension system, ending March 31, 1909, were $229,317.52. Receipts from the pension assessment amounted to $201,468.69; interest, $1,415.65; pensions returned, $56. The total expenditures for pensions and for administration during the year amounted to $69,550.35, of which the sum of $67,580.00 was paid to pensioners. The balance in the fund May 31, 1909, was $159,767.17.

The financial operation of the system, as thus shown, has been eminently satisfactory. The preliminary estimate had calculated the returns from the assessment at $168,000 per year, and the annual payments to pensioners at $104,000. The receipts have considerably exceeded the estimate, and the expenditures have fallen far short. The existence of the large balance in the treasury naturally holds out a temptation to reduce the amount of the assessment, or to make the conditions for the receipt of a pension more liberal. In his report to the last convention, the international president, Mr. James M. Lynch, opposed any such action, and advocated a maintenance of the present conservative policy in the administration of the pension fund.

The number of applications for pensions received up to May 31, 1909, was 647, of which 48 were disapproved, 1 was withdrawn, 580 were approved, and 18 are still under

consideration. Thirty-eight pensioners had died, leaving 542 pensioners on the roll. Analysis of the ages of the pension applicants brings out the fact that the average age of the 647 is 69.6 years. Of the total number, 62.5 per cent. were between 60 and 70 years, 33 per cent. were between 70 and 80, 4.1 per cent. between 80 and 90, and 1 over 90.

The main facts regarding the pension systems of the Amalgamated Society of Engineers and the Amalgamated Society of Carpenters and Joiners are compactly stated in the New York "Labor Bulletin" for December, 1908, as follows: —

While the International Typographical Union permits the payment of $4 per week, or $208 per year, to each of its pensioners, who at present represent 1 per cent. of the membership, the rules of the Amalgamated Society of Engineers provide that in the United States any member 55 years of age who has been twenty-five years successively in the society, and who, through old age or infirmity, cannot obtain the ordinary rate of wages, or who is unable to follow his usual occupation, is entitled to a superannuation benefit of $2.10 per week; if thirty years a member, $2.40; if thirty-five years, $2.70; if forty years or upward, $3. For fifty-eight years this society has been paying old age pensions to its members, and in that time it has disbursed for that purpose throughout its jurisdiction $9,957,881. At present it distributes $645,297 annually among its 5,598 aged members. This figure represents 5 per cent. of its total membership (110,084), and the yearly payment per capita is $115.28. In its American council the society has 2,821 members, 210 (7.4 per cent.) of whom are at present enjoying pensions. The "Amalgamated Engineers' Monthly Journal" for December, 1908, issued in London, Eng., comments thus upon the question of superannuation benefits: —

While there is probably no other benefit to which, and for which, the members more cheerfully pay, yet it is well to keep in view the problem of superannuation as it grows from year to year. When it is noted that of the 1s. 6d. (36 cents) per week contributions, 7d. (14 cents) is due for payment of current superannuation benefit, without in any way augmenting the superannuation fund for future benefits of present payers, the growing seriousness of the said benefit is apparent, and it will be a problem to be discussed in the not far distant future, how the inauguration and extension of State old age pensions shall insure some relief to the society from the burden of superannuation expenditure, as well as augmenting the income of the recipients of that benefit.

The by-laws of the Amalgamated Society of Carpenters and Joiners provide that any good-standing member in the United States district who is 50 years of age, and incapable of earning the usual amount of wages in the locality in which he is employed, if he has been twenty-five years successively in the society, shall be allowed $2.80 per week for life; and any carpenter of the same age who has been continuously a member for eighteen years shall receive $2.45 per week for life. After a member has been placed on the superannuation list he cannot, however, receive the benefit if earning more than half the rate of wages. Under the rules, a member who is more than 50 years of age, if he continues to labor at carpentry, and is not able to obtain the prevailing wage-rate, is permitted to work at a reduced rate. This society pays out yearly $210,841 to 2,172 superannuated members (3 per cent. of a total membership of 68,735), the average disbursement annually per pensioner being $97.07. The aggregate expenditure for superannuation benefits in the past forty-one years was $1,822,417. In the United States district there are 5,673 members, 57 (1 per cent.) of whom are in receipt of old age pensions.

The pension system of the Amalgamated Association of Street and Electric Railway Employees is to go into force when a fund accumulated by a tax of 6 cents per month on each member to meet death and disability claims reaches the amount of $10,000. When the system becomes operative, any member of seven to ten years' standing who has reached the age of 65 and is incapacitated for work shall receive an allowance of $1 per week, payable monthly. For members of ten to fifteen years' standing the allowance is $1.50 per week; for members of fifteen to twenty years' standing, $2 per week; and for members of twenty-five years' standing, $3 per week.

The pension scheme of the Pattern Makers' League of North America will go into effect in 1920. This scheme, which was adopted in 1900, provides that a fund for superannuation benefits shall be established by setting aside 2 cents of the "per capita" tax of the League for the period of twenty years. All members of the League in good standing July 1, 1900, and continuously members until July 1, 1920, who are over 60 years of age, are to receive superannuation allowances. The amount of the allowance is $12 per month

for members 60 years of age and twenty-five years' membership, and $16 per month for members 65 years of age and thirty years' membership.

The subject of old age pensions was given extended consideration at the annual convention of the American Federation of Labor, in Denver, November, 1908. The executive committee reported on pension systems in operation in various countries, and the committee on resolutions, to which this report was referred, recommended the following resolution, which was adopted by the convention: —

> We would, therefore, recommend that the executive council be authorized to secure the assistance of such competent legal advice as will enable them to prepare the draft of a bill providing for old age pensions, and that such bill be introduced either in the Legislatures of the States, or in Congress, their action in this being governed by their decision as to whether this legislation is to be most readily secured and applied through the individual action of the several States, or by federal legislation, or by both.

At the convention held the following year, 1909, in Toronto, Can., the executive council reported a draft of a bill prepared by Congressman W. B. Wilson, a delegate to the convention, providing for the establishment of a national pension system through the organization of " The Old Age Home Guard " of the United States army. According to the provisions of the bill, the proposed guard would be composed of persons not less than 65 years of age, who had been residents of the United States for twenty-five consecutive years and citizens for fifteen consecutive years, and who were not possessed of property amounting to more than $1,500 or of an income exceeding $240 per year. Persons enrolled in the guard would draw pay at the rate of $120 per year in quarterly instalments, " as pensions are now paid." The committee on resolutions, to which the subject was referred, recommended endorsement of the principle of old age pensions and of the bill submitted. The recommendation of the committee was adopted by the convention.

### 9. Industrial Insurance.

Industrial insurance has been defined by the Hon. John F. Dryden, president of the Prudential Insurance Company of America, the first company to offer this form of insurance in the United States, as "life insurance for small amounts, chiefly on the lives of wage earners and members of their immediate families, with premiums payable weekly and collected from the houses of the insured." The distinguishing features of industrial insurance, as thus defined, may be stated to be: first, the policies are for small amounts, — a hundred dollars, more or less, — as compared with the policies of larger amounts, — thousands of dollars, — in ordinary insurance; second, the premiums are payable weekly, instead of annually, semi-annually or quarterly, as in the case of ordinary insurance; third, the premiums are collected from house to house by agents, instead of being remitted to the office of the company, as in the case of ordinary insurance; fourth, a further peculiarity of industrial insurance is that the weekly premiums are fixed at 3 cents, 5 cents, 10 cents, 15 cents and so on, in multiples of 5 cents, for convenience of payment, and the amount of insurance is adjusted accordingly. In ordinary insurance the premium rate is adjusted to the amount of insurance, the latter being taken as the unit or base of calculation; that is, the rate is so much per $1,000 of insurance, taken at different ages. In industrial insurance the amount of insurance is adjusted to the rate of premium, the latter being taken as the unit or base of calculation; that is, the amount of insurance is so much per weekly premium of 3 cents, 5 cents, 10 cents, 15 cents, and so on, at the different ages.

The beginning of industrial insurance may be traced back to the year 1854, when the Prudential of London, which had been organized in 1848 as an ordinary life insurance company, began to issue industrial insurance for wage earners. Many of the friendly societies of Great Britain, which had been supplying insurance for members of the working and middle classes, were at this time in a condition of insolvency.

Their rates had not been adjusted on a proper actuarial basis, and they had consequently become involved in financial difficulties, which had brought fraternal insurance into general disrepute. Industrial insurance was instituted as a plan for meeting the need of life insurance in small amounts, supplied by scientific and secure methods. In the United States this form of insurance was first offered by the Prudential Insurance Company. The growth of industrial insurance has been rapid and steady. On the first of January, 1909, there were about 20,000,000 of industrial policies in force in this country, representing insurance to the amount of over $2,600,000,000.

Industrial insurance companies have in the past provided only for straight life, and in some cases for endowment, insurance. They have not until very recently attempted to deal with the problem of furnishing insurance against old age. Within the last two years, however, the two largest companies — the Prudential and the Metropolitan — have begun to offer new classes of policies, specifically designed to meet the need of old age insurance for working people.

For straight life industrial insurance the rates generally in force prior to 1909 are illustrated by the following table:—

Table of Adult Rates.

| Age Next Birthday. | Benefits payable for the following Weekly Premiums. | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 5 Cents. | 10 Cents. | 15 Cents. | 20 Cents. | 25 Cents. | 30 Cents. | 35 Cents. | 40 Cents. | 45 Cents. | 50 Cents. | 55 Cents. | 60 Cents. | 65 Cents. |
| 20, . . . . | $95 | $190 | $285 | $380 | $475 | $570 | $665 | $760 | $855 | – | – | – | – |
| 25, . . . . | 81 | 162 | 243 | 324 | 405 | 486 | 567 | 648 | 729 | $810 | – | – | – |
| 30, . . . . | 71 | 142 | 213 | 284 | 355 | 426 | 497 | 568 | 639 | 710 | $781 | – | – |
| 35, . . . . | 61 | 122 | 183 | 244 | 305 | 366 | 427 | 488 | 549 | 610 | 671 | – | – |
| 40, . . . . | 51 | 102 | 153 | 204 | 255 | 306 | 357 | 408 | 459 | 510 | 561 | $612 | – |
| 45, . . . . | 42 | 84 | 126 | 168 | 210 | 252 | 294 | 336 | 378 | 420 | 462 | 504 | – |
| 50, . . . . | 34 | 68 | 102 | 136 | 170 | 204 | 238 | 272 | 306 | 340 | 374 | 408 | $442 |

In 1909 the Prudential and the Metropolitan adopted a new table of reduced rates, or increased the amounts of in-

surance offered for the fixed weekly premium, as shown in the following table: —

New Rates of the Prudential and the Metropolitan, 1909. (Premiums cease at Age 75).

| Age Next Birthday. | Amount of Insurance for Weekly Premium of — | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3 Cents. | 5 Cents. | 10 Cents. | 15 Cents. | 20 Cents. | 25 Cents. | 30 Cents. | 35 Cents. | 40 Cents. | 45 Cents. | 50 Cents. | 55 Cents. | 60 Cents. | 65 Cents. | 70 Cents. |
| 20, . | $63 | $105 | $210 | $315 | $420 | $525 | $630 | $735 | – | – | – | – | – | – | – |
| 25, . | 54 | 90 | 180 | 270 | 360 | 450 | 540 | 630 | $720 | $810 | $900 | – | – | – | – |
| 30, . | 47 | 79 | 158 | 237 | 316 | 395 | 474 | 553 | 632 | 711 | 790 | $869 | $948 | – | – |
| 35, . | 41 | 68 | 136 | 204 | 272 | 340 | 408 | 476 | 544 | 612 | 680 | 748 | 816 | – | – |
| 40, . | 34 | 57 | 114 | 171 | 228 | 285 | 342 | 399 | 456 | 513 | 570 | 627 | 684 | – | – |
| 45, . | 28 | 47 | 94 | 141 | 188 | 235 | 282 | 329 | 376 | 423 | 470 | 517 | 564 | $611 | $658 |
| 50, . | 23 | 38 | 76 | 114 | 152 | 190 | 228 | 266 | 304 | 342 | 380 | 418 | 456 | 494 | 532 |

The Prudential also offers $500 policies on the weekly payment plan, at rates as follows: —

$500 Policies.

| Age Next Birthday. | Weekly Premium. | Age Next Birthday. | Weekly Premium. |
|---|---|---|---|
| 20, . . . . . | $0 24 | 40, . . . . . | $0 44 |
| 25, . . . . . | 28 | 45, . . . . . | 53 |
| 30, . . . . . | 32 | 50, . . . . . | 66 |
| 35, . . . . . | 37 | | |

Another form of policy offered by the Prudential is a twenty-year endowment, — payable, that is, at the end of twenty years or at previous death, — with rates as follows: —

TWENTY-YEAR ENDOWMENT TABLE, PRUDENTIAL.

| AGE NEXT BIRTHDAY. | AMOUNT OF ENDOWMENT INSURANCE FOR WEEKLY PREMIUM OF — | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 5 Cents. | 10 Cents. | 15 Cents. | 20 Cents. | 25 Cents. | 30 Cents. | 35 Cents. | 40 Cents. | 45 Cents. | 50 Cents. |
| 20, . . . | $43 | $86 | $129 | $172 | $215 | $258 | $301 | $344 | $387 | $430 |
| 25, . . . | 42 | 84 | 126 | 168 | 210 | 252 | 294 | 336 | 378 | 420 |
| 30, . . . | 41 | 82 | 123 | 164 | 205 | 246 | 287 | 328 | 369 | 410 |
| 35, . . . | 40 | 80 | 120 | 160 | 200 | 240 | 280 | 320 | 360 | 400 |
| 40, . . . | 38 | 76 | 114 | 152 | 190 | 228 | 266 | 304 | 342 | 380 |
| 45, . . . | 36 | 72 | 108 | 144 | 180 | 216 | 252 | 288 | 324 | 360 |
| 50, . . . | 32 | 64 | 96 | 128 | 160 | 192 | 224 | 256 | 288 | 300 |

The John Hancock offers similar special policies, as follows: —

SPECIAL WHOLE LIFE POLICIES FOR $250, JOHN HANCOCK.

| AGE NEXT BIRTHDAY. | Weekly Premium. | AGE NEXT BIRTHDAY. | Weekly Premium. |
|---|---|---|---|
| 20, . . . . . | $0 14 | 40, . . . . . | $0 26 |
| 25, . . . . . | 16 | 45, . . . . . | 31 |
| 30, . . . . . | 19 | 50, . . . . . | 38 |
| 35, . . . . . | 22 | 55, . . . . . | 48 |

TWENTY-YEAR PAYMENT LIFE POLICIES FOR $250.

| AGE NEXT BIRTHDAY. | Weekly Premium. | AGE NEXT BIRTHDAY. | Weekly Premium. |
|---|---|---|---|
| 20, . . . . . | $0 20 | 40, . . . . . | $0 31 |
| 25, . . . . . | 23 | 45, . . . . . | 35 |
| 30, . . . . . | 25 | 50, . . . . . | 41 |
| 35, . . . . . | 28 | 55, . . . . . | 48 |

The foregoing classes of policies are all life or endowment insurance. The new policies providing old age insurance are offered, so far as known, by the Metropolitan and the Prudential.

The Metropolitan began in 1909 to issue, through its industrial department, a combined insurance and annuity policy on the weekly payment basis, which offers an opportunity for insurance against old age. This policy is for amounts of $100 and multiples, the insurance holding throughout life, the premiums ceasing at the age 65, when an annuity of $100 begins. That is, under this plan the policy holder pays premiums until he reaches the age 65; his insurance then continues during the remainder of his life, and, in addition, he receives an annuity of $100, or a multiple amount, for the rest of his life. If, at the date of death of the insured, any instalments of the annuity for the current year remain unpaid, the amount is paid in addition to the insurance on his life. This new policy was designed, as stated in the circular explaining its provisions, to meet the demand for annuities created by the institution of savings bank insurance in Massachusetts. In the circular, Mr. Haley Fiske, vice-president of the Metropolitan, states: —

> Insurance companies in this country have hitherto failed to find any considerable demand on the part of the insuring public for annuities. In our ordinary department we publish annuity tables the same as the other companies do, but our experience, like that of the other companies, has been that few are called for. Those who have charge of the prosecution of the system of so-called savings bank insurance in Massachusetts have made a great deal of their annuity policies. . . . It would appear that some demand for annuities has been created by the agitation in Massachusetts.

The rates for the combined insurance and annuity policy are shown in the following table: —

$100 Life Insurance and $100 Annuity.

Insurance continues during whole of life, but is free of premiums after age 65, at which time annuity commences.

*Industrial.*

| Age. | Weekly Premium. | Age. | Weekly Premium. |
|---|---|---|---|
| 20, . . . . . | $0 13 | 40, . . . . . | $0 37 |
| 25, . . . . . | 16 | 45, . . . . . | 53 |
| 30, . . . . . | 21 | 50, . . . . . | 82 |
| 35, . . . . . | 27 | | |

This policy offers cash surrender, paid up and extended insurance features. For example, at age 30 a policy that has been eight years in force is entitled to $112 paid up policy, or $12 more than the face value of the insurance benefit provided by the original policy. Again, a policy at age 30, twenty years in force, is entitled to a cash surrender value of $179. The extended insurance values which provide for continuance of insurance to the amount of the original policy for a certain period of years are in proportion to the number of years for which premiums have been paid.

The Metropolitan also began at the same time to issue combined insurance and annuity policies through its intermediate branch. These policies are offered at more favorable rates than the insurance and annuity policies in the industrial department. They are not, however, on the weekly payment basis, the premiums being payable quarterly, semi-annually and annually. They are offered, however, as suitable for workingmen who can pay their premiums at longer intervals, and without house-to-house collection. Strictly speaking, therefore, these policies are not in the class of industrial insurance proper.

Two kinds of policy are offered. The first is a $500 term insurance, plus $100 annuity policy. The insurance is payable to the amount of $500, if death occur prior to the age 65; $400, if death occur between the ages 65 and 66; $300, if death occur between the ages 66 and 67; $200, if death occur between the ages 67 and 68; $100, if death occur between the

ages of 68 and 69; no insurance thereafter. The annuity of $100 is payable at the age 65, and annually thereafter. Premiums cease at the age 65. The rates are shown in the following table: —

$500 Term Insurance Plus $100 Annuity.

*Intermediate.*

| Age Next Birthday. | Annual. | Premiums Semi-annual. | Quarterly. |
|---|---|---|---|
| 20, | $11 10 | $5 63 | $2 84 |
| 25, | 13 28 | 6 74 | 3 39 |
| 30, | 16 24 | 8 24 | 4 15 |
| 35, | 20 35 | 10 33 | 5 20 |
| 40, | 26 26 | 13 33 | 6 71 |
| 45, | 35 29 | 17 91 | 9 02 |
| 50, | 50 47 | 25 61 | 12 90 |

The other policy is a $500 life insurance plus $100 annuity. The insurance continues during life, but is free of premiums after the age 65, and at that age the annuity begins. The rates are as follows: —

$500 Life Insurance Plus $100 Annuity.

*Intermediate.*

| Age. | Annual. | Premiums Semi-annual. | Quarterly. |
|---|---|---|---|
| 20, | $12 66 | $6 42 | $3 24 |
| 25, | 15 31 | 7 77 | 3 91 |
| 30, | 18 93 | 9 61 | 4 84 |
| 35, | 24 01 | 12 19 | 6 14 |
| 40, | 31 40 | 15 94 | 8 03 |
| 45, | 42 85 | 21 75 | 10 95 |
| 50, | 62 44 | 31 69 | 15 96 |

The Metropolitan has also begun recently to issue a new convertible life policy. The peculiar features of this policy are: first, that after the holder has paid premiums for a certain number of years, the policy becomes a free policy, payable at death, requiring no further payment of premiums;

and second, that if the holder elects to continue to pay premiums for an additional period, the policy is converted into an endowment policy at age 70, and, after further intervals of premium payment, into endowment policies at ages 65, 60, 55, 50, 45 and 40, successively. The nature of this policy may be shown by a concrete illustration for a person taking out such a policy at age 30. A policy for $200 can be taken at that age for a weekly premium of 25 cents, the premium being payable for eleven years and twenty-three weeks. At the end of that period the policy holder may take a paid up policy for the face value of the original policy, or, if he wishes to pay premiums for thirty-five weeks longer, he may thereby convert his policy into an endowment policy at age 70. If at the end of the thirty-five weeks he chooses to continue the policy, paying premiums for forty weeks longer, he may thereby convert the policy into an endowment policy at age 65.

The rates for this policy are as follows: —

New Convertible Policy, Metropolitan.

| Age Next Birthday. | Amount of Insurance for a Weekly Premium of 25 Cents. | When Premiums shall have been paid for the Period stated hereunder, this Policy shall become a Free Policy, payable at Death. | Additional Successive Periods during which Premiums are required after this Policy shall have become a Free Policy payable at Death, to convert it into a fully paid up Endowment for a Like Sum, payable when the Insured reaches the Corresponding Age specified Below, or at Prior Death. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | To convert Life Policy into Endowment at Age 70. | To convert Endowment at Age 70 into Endowment at Age 65. | To convert Endowment at Age 65 into Endowment at Age 60. | To convert Endowment at Age 60 into Endowment at Age 55. | To convert Endowment at Age 55 into Endowment at Age 50. | To convert Endowment at Age 50 into Endowment at Age 45. | To convert Endowment at Age 45 into Endowment at Age 40. |
| | | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. | Yrs. Wks. |
| 10, . | $250 | 8 20 | – | 0 32 | 0 27 | 0 39 | 1 3 | 1 25 | 2 2 |
| 15, . | 250 | 9 47 | – | 0 43 | 0 35 | 1 1 | 1 23 | 2 4 | 3 1 |
| 20, . | 250 | 11 38 | – | 1 7 | 0 49 | 1 22 | 2 7 | 3 9 | |
| 25, . | 250 | 13 30 | 0 39 | 0 43 | 1 18 | 2 6 | | | |
| 30, . | 200 | 11 23 | 0 35 | 0 40 | 1 12 | 1 47 | | | |
| 35, . | 200 | 13 0 | 0 50 | 1 5 | 1 44 | | | | |
| 40, . | 150 | 10 4 | 0 42 | 0 48 | 1 26 | | | | |
| 45, . | 150 | 11 37 | 1 11 | 1 23 | | | | | |
| 50, . | 150 | 14 12 | 2 13 | | | | | | |

The Prudential has offered since 1908 a policy that should be mentioned here, although it does not belong in the class of industrial insurance proper, as it is not a weekly payment policy. This is the so-called monthly income policy. It is described by President Dryden as a "method of providing with certainty for dependent old age." The policy provides for survivors of the insured a monthly income for a period of twenty years, or, in case of an endowment policy, a monthly income for the insured during the remainder of life; that is, under this plan, instead of buying the amount of insurance in one sum at the death of the insured, or on the maturity of the policy, a monthly sum of $10 or multiples of that amount is paid for a period of twenty years. The rates are as follows: —

Monthly Income Policy.

| Age. | Whole Life. | Ten-payment Life. | Fifteen-payment Life. | Twenty-payment Life. | Ten-year Endowment. | Fifteen-year Endowment. | Twenty-year Endowment. |
|---|---|---|---|---|---|---|---|
| 20, . . . . . | $26 24 | $64 63 | $47 83 | $39 64 | $161 00 | $102 03 | $73 28 |
| 25, . . . . . | 29 41 | 70 16 | 51 99 | 43 13 | 161 44 | 102 56 | 73 90 |
| 30, . . . . . | 33 47 | 76 81 | 57 01 | 47 39 | 162 05 | 103 28 | 74 77 |
| 35, . . . . . | 38 76 | 84 77 | 63 07 | 52 62 | 162 95 | 104 38 | 76 16 |
| 40, . . . . . | 45 76 | 94 38 | 70 53 | 59 16 | 164 33 | 106 15 | 78 46 |
| 45, . . . . . | 55 20 | 106 01 | 79 82 | 67 62 | 166 67 | 109 24 | 82 46 |
| 50, . . . . . | 68 11 | 120 32 | 91 77 | 78 91 | 170 80 | 114 64 | 89 35 |
| 55, . . . . . | 85 91 | 137 97 | 107 36 | 94 38 | 177 87 | 123 78 | 100 87 |
| 60, . . . . . | 110 64 | 160 16 | 128 41 | 116 24 | 189 62 | 138 99 | 119 55 |

Industrial insurance has been severely criticised. The brunt of the criticism is directed at the cost, which is declared to be exorbitantly high. The rates are in general about double those for ordinary life insurance. The managers of the industrial insurance companies defend the high rates on the ground of the great expense of administering this form of insurance. It is described as "insurance at retail," and the expenses of any retail business, and consequently the prices, are declared to be necessarily and legitimately higher than those of wholesale business. Especial

emphasis is laid upon the necessity of large expenditure for solicitation of business and collection of premiums. This is held to be necessary in order to bring the insurance to the attention of wage earners, and to induce them to keep their insurance in force. Attempts to do away with agents for solicitation and collection are said to be hopeless. The government system of post office life insurance in Great Britain, for example, which was designed to furnish insurance to working people without the expense of agents, is cited as illustrating the unavoidable failure of any such attempts. In forty years the government has issued only about the same number of policies that the London Prudential issues in ten days. If industrial insurance is to be a success, it is argued that agents must be employed for purpose of solicitation and collection, and the cost, of course, must be borne by the insured. Finally, it is contended that the higher mortality rate among workers than in the population at large necessitates and justifies the comparatively high rates charged for industrial insurance. The general death rate, for example, at the ages 25 to 44, is for clergymen only 6.2, while for laborers it is 13.9, for cigarmakers 14.6. The chief reasons for the higher rates of industrial insurance have been thus forcefully stated by President John F. Dryden of the Prudential[1]: —

Industrial insurance is life insurance at retail, and for this reason, in part at least, the cost is higher than in ordinary life insurance, where the premiums are payable quarterly, semi-annually or annually, and required to be sent to the office of the company. Just as retail prices are higher than wholesale prices, so the cost of a commodity is enhanced by additional privileges of accommodation, such as are represented in the collection of the weekly premium from the houses of the insured. This accommodation is of great value, and necessarily requires to be paid for. Wage earners, for self-evident reasons, conform their scale of living and family expenditures to the weekly principle, because the income is also upon that basis. It is a convenience to the working man to have the insurance collector call at his house for the premium, and for that convenience he is willing to pay.

[1] "Industrial Insurance;" statement made to a select committee of the New Jersey Senate, by John F. Dryden, president, the Prudential Insurance Company of America, July 19, 1906, pp. 30, 31.

Efforts which have been made to dispense with collectors have invariably proved a failure. Considering the accommodation, in addition to the insurance protection, industrial insurance is, without question, one of the cheapest of commodities. It would be impossible to give as much for the money, — as much convenience and accommodation to circumstances on the one hand, and as much life insurance protection on the other, — were it not that the business is one of millions of small transactions, and concentrated upon a comparatively small area. The fact of special accommodation in the collection of the premiums is at least one of the reasons why industrial insurance is more expensive than life insurance on the ordinary plan. . . .

No fair comparison can be made, therefore, of the premium charges for industrial insurance with the rates of ordinary companies, because at the outset the conditions are not similar, — the special accommodation in the one is wanting in the other; but chiefly because the class of people insured, primarily wage earners, are employed in industries more or less subject to a higher accident, sickness or mortality rate. Upon the basis of our industrial experience, we know that the mortality rate of industrial policy holders is not far from being double the rate prevailing among ordinary policy holders. The reason for this higher mortality is readily ascertained upon careful inquiry into the facts. It is in part due to the conditions of life, occupation, environment, and various other elements which determine the duration of human existence. The more favorable mortality of ordinary policy holders is, in a large majority of cases, the result of a more careful medical selection than would be applicable or possible in the transaction of the business of industrial insurance. A very considerable proportion of those who are policy holders in industrial companies would not be accepted by ordinary life companies, because of nativity, occupation, residence, etc. In other words, in its final analysis, the problem is one of safe insurance on the industrial plan, applicable to the mass of the population, and of reasonable cost, or *the alternative of no insurance at all.*

In this connection, the fact may be noted that an insurance company was chartered by the Legislature of Massachusetts in 1907, and is now in process of organization, which proposes, by a sale of insurance "over the counter," to eliminate many expenses of insurance incurred through the present methods of solicitation and collection, and thus to reduce the cost to the insured. The incorporators of this company, which is called the Mutual Direct Life Assurance Society of Boston, have advanced the plan with a view to the public interest, in the belief that the present expense of insurance can

be materially reduced. The charter provides that the society shall have a paid up capital of $200,000, and a paid in surplus of $100,000, the latter to be retired first, and both to be retired as soon as possible, so that the society may be placed on a purely mutual basis. The charter also prohibits the society from employing any person to solicit business, or to make house-to-house collection of premiums. This provision is designed to obviate the large expense of developing an agency system, abolish the commissions to agents and collectors, and thus effect a proportionate saving in the form of lower premiums to the insured. It is the belief of the promoters of this plan that 15 per cent. of the ordinary premiums can be saved by doing away with the agency system, and introducing other economies of operation. One aim of the undertaking is to furnish to employers, to labor and social organizations, and to other groups, an opportunity to obtain insurance and annuities, either individually or collectively, at low rates with security and convenience. It is stated that officials of several industrial establishments have indicated their readiness to co-operate with the society, as soon as it begins its operations, through arrangements to furnish insurance or pensions to their employees. Should this plan of " over-the-counter " insurance be put into operation, its working would be followed with much interest by students of insurance problems.

It should be added that recently the industrial insurance companies have shown a lively interest in the problem of further reduction of rates for industrial insurance. The two leading companies reduced their rates considerably in 1909. This movement may fairly be attributed to the influence of the savings bank insurance experiment in Massachusetts, in stimulating the industrial insurance companies to renewed efforts to cheapen the insurance offered by them to working people. In 1909 the Metropolitan sought legislation in Massachusetts, Maine, New Jersey, New York, Illinois and Minnesota, to enable industrial insurance companies to sell life insurance at special rates to employees, in groups of 100 or more, if the employer will undertake to act as agents for the purpose of collecting and paying the premiums, thus

saving the company the expense for solicitation and collection. The bill conferring this privilege — Senate No. 171 — failed to pass in Massachusetts. In Maine, New Jersey and Minnesota the bill became law. The rates for the group insurance, issued under the provisions of the new laws in the latter States, are as follows: —

Group Insurance, Metropolitan.

*Whole Life Policy paid up at Age 75.*

| Age. | Amount of Insurance for 5 Cents a Week. | Age. | Amount of Insurance for 5 Cents a Week. |
|---|---|---|---|
| 15, . . . . . | $163 00 | 40, . . . . . | $74 00 |
| 20, . . . . . | 137 00 | 45, . . . . . | 61 00 |
| 25, . . . . . | 118 00 | 50, . . . . . | 49 00 |
| 30, . . . . . | 102 00 | 55, . . . . . | 38 00 |
| 35, . . . . . | 88 00 | 60, . . . . . | 29 00 |

The benefits offered in the group insurance are available only where policies are issued on 100 or more persons at one time, and premiums are all paid to the company by their representative in one sum. Comparison of these rates for group insurance with the rates for regular industrial insurance shows that the amount of insurance offered under the group scheme is about 30 per cent. greater.

### 10. Massachusetts Savings Bank Insurance.

The Massachusetts system of savings bank insurance was put into operation by chapter 561 of the Acts of 1907, authorizing savings banks to establish insurance departments under certain conditions laid down in the act. A two-thirds vote of the trustees of a bank is required for the institution of an insurance department. A special insurance guaranty fund of not less than $20,000 to be placed at the risk of the insurance department, and a special expense guaranty fund of not less than $5,000, must first be provided. A certificate is then issued by the State Insurance Commissioner and the State Bank Commissioner, declaring the insurance depart-

ment established. It is also required that the department take out a license from the State Insurance Commissioner. When these conditions have been complied with, the department may issue policies upon the lives of persons, and may sell annuities, with all the rights, powers and privileges, and with all the duties, liabilities and restrictions, in respect to the business of life insurance conferred or imposed by the State laws.

The special insurance guaranty fund, which may not be less than $20,000, the amount being determined by the State Actuary, has to be provided by contributions from citizens, and is to be repaid ultimately out of the profits of the insurance department, with interest at the savings bank rate. The law also provides for a general insurance guaranty fund, to be raised through an assessment of 4 per cent. upon all premiums received by any of the banks. This fund is placed under the management of a board of seven trustees, appointed by the Governor, who have general supervision over the savings bank insurance system. The services of a State Actuary and assistants, whose salaries are paid by the State, are placed at the disposal of the trustees. Thus the expense of administering the savings bank insurance is borne largely by the Commonwealth.

The law lays down two important restrictions regarding the issue of savings bank insurance, namely: first, no bank may write any life policy for more than $500, or any annuity contract for more than $200 per annum; second, no bank may employ any solicitors or house-to-house collectors of insurance. These restrictions were designed to eliminate the expense usually attendant upon the issue of insurance in small amounts to working people.

This plan of savings bank insurance was devised by Louis D. Brandeis, Esq., of the Boston bar, and the campaign for the enactment of the measure putting it into force was conducted by the Massachusetts Savings Insurance League. The aim of the plan is to furnish insurance to working people in small amounts, at low rates, with proper security. The author of the plan states the purpose of the act to be: first, to give to Massachusetts wage earners an opportunity to secure

safe life insurance at the lowest possible cost, as a substitute for industrial life insurance, on which the expense of conducting the business is about 40 per cent. of the premiums paid; second, to give to Massachusetts wage earners an opportunity to make provision for their old age by the purchase, out of current earnings, of annuities at the lowest possible cost.[1] The scheme is designed to furnish a partial solution of the problem of providing for the superannuated workingman, " by making the opportunities for saving the workingman's money as numerous as are the opportunities for wasting it."

The law went into effect June 26, 1907. The system was first put into actual operation, however, in June, 1908, when the savings bank of Whitman established the first insurance department under the act. In November, 1908, the People's Savings Bank of Brockton opened an insurance department. Other banks have become agents of the Whitman and Brockton banks. It is the policy of the promoters of the savings bank insurance to work for the establishment of a comparatively few insurance departments in different sections of the State, and to induce other banks to become agencies for these department banks. The insurance banks, moreover, have agencies in large manufacturing and commercial houses, people's institutes, social settlements and trade unions.

The policies offered by the savings bank insurance provide for straight life insurance, for endowment insurance, for annuities and for combinations of insurance and annuity. The following varieties of policy may be distinguished: (A) Straight life policy; (B) Endowment policy; (C) Simple annuity policy; (D) Rebate annuity policy; (E) Insurance and annuity policy; (F) Immediate annuity policy. All of these policies participate in the profits of the insurance department of the issuing bank. The maximum amount of the life and endowment policies is $500; of the annuity policies, $200. The same person, however, may take out policies in any desired number of banks. For the purpose of explaining the general nature of these policies, it is sufficient to give the monthly premium rates of $500 insurance, and $100

[1] Quarterly publications of the American Statistical Association, March, 1909; article, "Massachusetts Savings Bank Insurance and Pension System," by Louis D. Brandeis, pp. 409, 410.

annuity policies for ages 20 to 50, by five-year stages. The rates for other amounts and ages are in proportion.

(A) Straight life policy: —

This policy provides for straight life insurance in amounts up to $500; that is, the savings bank issuing a policy contracts to pay to the beneficiary named a certain sum of money on the death of the insured. The premiums, which are payable monthly, cease at age 75. The rates for insurance are somewhat lower for women than for men. The monthly premiums for a $500 policy are as follows: —

| Age Next Birthday. | Life Policy for $500 paid up at Age 75. | Age Next Birthday. | Life Policy for $500 paid up at Age 75. |
|---|---|---|---|
| 20, | $0 86 | 40, | $1 58 |
| 25, | 1 00 | 45, | 1 91 |
| 30, | 1 15 | 50, | 2 38 |
| 35, | 1 34 | | |

(B) Endowment policy: —

Two kinds of endowment policy are offered, — one providing for the payment of the insurance at age 65 or at previous death, the other providing for the payment of the insurance at the end of twenty years or at previous death.

1. *Age 65, Endowment Policy.* — This policy provides that the savings bank issuing it will pay to the insured a specified amount, up to $500, when he reaches the age of 65 years. If the latter dies before that age, the money will be paid to the beneficiary designated in the policy. The monthly rates for $500 endowment are as follows: —

| Age Next Birthday. | Endowment Policy for $500, maturing at Age 65. | Age Next Birthday. | Endowment Policy for $500, maturing at Age 65. |
|---|---|---|---|
| 20, | $0 95 | 40, | $1 95 |
| 25, | 1 12 | 45, | 2 51 |
| 30, | 1 32 | 50, | 3 42 |
| 35, | 1 58 | | |

*2. Twenty-year Endowment Policy.* — This policy provides that the savings bank issuing it will pay to the insured a specified amount, up to $500, at the end of the twenty years. If the insured dies before the maturing of the policy, the money will be paid to the beneficiary designated. The monthly rates for $500 endowment, at twenty years, are as follows: —

| Age Next Birthday. | Endowment Policy for $500, maturing at the End of Twenty Years. | Age Next Birthday. | Endowment Policy for $500, maturing at the End of Twenty Years. |
|---|---|---|---|
| 20, | $1 47 | 40, | $3 74 |
| 25, | 1 81 | 45, | 5 15 |
| 30, | 2 24 | 50, | 7 60 |
| 35, | 2 85 | | |

(C) Simple annuity policy: —

This policy guarantees the insured the regular payment of a certain sum of money each year after he reaches the age of 60 or 65, according to the terms of the policy. If, however, the insured dies before reaching the specified age, the amounts paid in premiums are not returned to his family. The rates for annuities are somewhat higher for women than for men. The monthly premiums for annuities payable respectively at ages 60 and 65, in the case of men, are as follows: —

| Age. | Monthly Deposits for $100 Annuity, beginning at Age **60.** | Monthly Deposits for $100 Annuity, beginning at Age **65.** |
|---|---|---|
| 20, | $0 82 | $0 48 |
| 25, | 1 07 | 62 |
| 30, | 1 42 | 81 |
| 35, | 1 96 | 1 09 |
| 40, | 2 79 | 1 51 |
| 45, | 4 28 | 2 19 |
| 50, | 7 39 | 3 39 |

(D) Returnable premium annuity policy: —

This policy differs from the preceding in this respect: it provides that in the event of the death of the insured prior to the maturity of the policy all premiums paid by him shall be returned to the beneficiary named in the policy. The monthly rates for ages 60 and 65, in the case of men, are as follows: —

| Age. | Monthly Deposits for $100 Annuity, beginning at Age 60. | Monthly Deposits for $100 Annuity, beginning at Age 65. |
|---|---|---|
| 20, | $0 99 | $0 68 |
| 25, | 1 32 | 82 |
| 30, | 1 76 | 1 08 |
| 35, | 2 39 | 1 44 |
| 40, | 3 36 | 1 98 |
| 45, | 5 02 | 2 81 |
| 50, | 8 37 | 4 23 |

(E) Insurance and annuity policy: —

This policy offers a combination of life insurance and old age pension. It provides for the payment to the insured of a specified sum each year after he reaches the age of 65; or, in case of prior death, for the payment of a certain amount to the family or other beneficiary. Further, it provides that, in case the annuitant dies between ages 65 and 69, a sum equal to the difference between the amount of the insurance and the amount received by him in annuities shall be paid to the beneficiary. Two forms of this combination policy are offered, — one providing for $500 life insurance and $100 annuity after 65, the other providing for $500 life insurance and $200 annuity after 65.

A combined insurance and annuity policy was first issued without the rebate feature. To make provision for the case of annuitants who might die shortly after the age of 65, an improved form of policy was devised. Under its terms, if the policy holder were to die between the ages of 60 and 65, after receiving the first annuity payment of $100, the bank would

pay $400 to the insured's beneficiary; if the insured were to die between the ages of 66 and 67, after receiving two annuities of $100 apiece, the bank would pay $300 to the beneficiary; if the insured were to die between the ages of 67 and 68, after receiving three annuities of $100 apiece, the bank would pay $200 to the beneficiary; if the insured were to die between the ages of 68 and 69, after receiving four annuities of $100 apiece, the bank may pay $100 to his beneficiary. If the insured were to live to the age of 69, then he would have received five annuities of $100 apiece, so that nothing further would be paid to the beneficiary in case of the insured's death after that time. It will be seen that this policy provides for the payment of at least $500, whether the insured lives or dies, and, furthermore, will pay a great deal more than $500 if the insured lives to a ripe old age.

The monthly rates for the two forms of insurance and annuity policy are: —

| Age Next Birthday. | $500 Insurance to Age 65, with Life Annuity at Age 65. Insurance then diminishes by the Amount of Annuity received. | |
|---|---|---|
| | $500 Insurance and $100 Annuity. | $500 Insurance and $200 Annuity. |
| 20, | $1 12 | $1 47 |
| 25, | 1 33 | 1 81 |
| 30, | 1 61 | 2 24 |
| 35, | 1 98 | 2 85 |
| 40, | 2 51 | 3 74 |
| 45, | 3 35 | 5 15 |
| 50, | 4 75 | 7 60 |

(F) Immediate annuity policy: —

This is the last form of policy offered by the savings bank insurance, the rates having been published in September, 1909. The policy provides for the purchase of annuities on which payment begins one year from the date of the issue of the policy, and continues yearly thereafter during the life of the annuitant. The rates show the purchase price of an annuity of $100 yearly at different ages, and also the amount

of annuity that may be purchased by $1,000 at different ages. The rates for women are somewhat higher than the rates for men. Following are the rates for men: —

| Age. | Price of $100 Yearly. | Annuity purchased by $1,000. |
|---|---|---|
| 20, | $2,152 40 | $46 46 |
| 25, | 2,068 61 | 48 34 |
| 30, | 1,971 06 | 50 73 |
| 35, | 1,858 61 | 53 80 |
| 40, | 1,730 93 | 57 77 |
| 45, | 1,588 76 | 62 94 |
| 50, | 1,433 36 | 69 76 |
| 55, | 1,267 67 | 78 88 |
| 60, | 1,096 20 | 91 22 |

The chief advantages claimed for the savings bank insurance system, in addition to the variety of policies offered, relate to the low cost, the high surrender values and the perfect safety of this form of insurance.

The rates for straight life insurance through the savings banks were about 25 per cent. lower than the former weekly payment rates of the industrial insurance companies. This difference was, however, considerably reduced by the adoption of the new rates of the Prudential and Metropolitan, which went into force in 1909. The amount of insurance now offered at age 25, for a weekly premium of 25 cents, is $450, instead of $405, as under the old rates. The amount of insurance at age 25, for a weekly premium of 30 cents, is $540, instead of $486. On the basis of these new rates, the saving on straight life insurance under the savings bank system would amount to less than 15 per cent. For example, a young man of 25 years, by paying $1 to the savings bank each month, can buy a life policy for $500, paid up at the age of 75. If on the other hand, he buys industrial insurance, as supplied by the regular companies, a weekly payment of 25 cents — which is somewhat higher than $1 a month rate — will purchase only $450 of insurance at the new rates. Again, by paying a

monthly premium of $1.33 to the savings bank, he can insure his life for $500, and at the same time secure a $100 annuity, to commence at the age of 65. Approximately the same amount of premium is required to purchase $540 of life insurance alone in the industrial companies, the weekly rate for a policy of this amount being 30 cents.

It is pointed out that the reduction of the cost of insurance, as offered through the savings banks, is made possible by the elimination of certain heavy expenses connected with industrial insurance, as ordinarily administered. The cost of insurance, it should be explained, as represented by the premiums charged, includes the net rate, which pays for the insurance pure and simple, and the "loading" of the premium, to cover the expenses of administration. The "expense loading" for industrial insurance is extremely heavy. The chief expenses are for solicitation of business and collection of premiums, an army of agents being employed for these purposes. The savings banks are forbidden by law to employ solicitors or house-to-house collectors. Another source of expense in the case of industrial insurance is the large number of policies that lapse, being forfeited for non-payment of premiums. Much of this lapse is doubtless inevitable, and involves no material financial loss to the insured. The industrial insurance companies maintain that they are making strenuous efforts to reduce the lapse rate to a minimum, and produce evidence to show that they have accomplished something in this direction within recent years. It is maintained by the savings bank insurance advocates that the lapse rate under this system will be less, and the resulting gains to the insured correspondingly greater. A savings bank life insurance policy is non-forfeitable for failure to pay premiums after six monthly premiums have been paid. Industrial insurance policies lapse for non-payment of premium at any time within the first three years. Finally, attention is called to the fact that the savings bank system has the advantage of a State contribution toward the cost of administration. The actuarial and incidental expenses of the system are borne in large part by the State.

Another advantage claimed for the Savings Bank insurance is the high surrender value of the policies. The policies of the savings banks grant a surrender value at the end of six months from the date of issue; those of the industrial insurance companies only at the end of three years. The following illustrations are given by the State Actuary to show the comparatively high surrender values of the savings bank policies. First, in the case of a straight life policy, with premiums ceasing at the age of 75, — the premiums of the banks being payable monthly, those of the companies weekly, — the surrender values of the savings banks and of a leading industrial insurance company for a straight life policy, taken out at the age of 30, are as follows: at the end of ten years, — savings bank, 42.7 per cent. of the premiums paid, industrial insurance company, 27.8 per cent.; at the end of fifteen years, — savings bank 47.2 per cent., industrial insurance company 30 per cent.; at the end of twenty years, — savings bank 50 per cent., industrial insurance company 39.7 per cent. Another industrial company offers somewhat higher surrender values, as follows: at the end of ten years, 31 per cent.; fifteen years, 36 per cent.; twenty years, 44 per cent. The paid-up values on one of this company's policies, with a weekly premium of 5 cents, and on a savings bank policy, with a monthly premium of 25 cents, taken out at age 20, are as follows: at the end of three years, — savings bank $9, industrial insurance company $2; at the end of four years, — savings bank $13, industrial insurance company $3; at the end of five years, — savings bank $17, industrial insurance company $4; at the end of six years, — savings bank $20, industrial insurance company $5. It is maintained that the savings bank insurance is, therefore, not only cheaper than the ordinary industrial insurance to carry, but cheaper to unload.[1] Finally,

[1] It is fair to state that the industrial insurance companies regard it as undesirable policy to give high surrender values. An official of one of the large companies states: "The group of individuals who make up the great bulk of industrial policy holders are subject to frequent and rapid changes in their economic situation. The tendency on the part of this group to lapse policies, or to obtain the surrender value in times of economic distress, is so great that if the industrial insurance companies were to increase surrender values it would encourage many individuals to give up the protection which the policy affords. This is counter to the underlying principles of industrial insurance, which was originated primarily to protect the workman, not against loss of work or other causes which come from poverty, but to protect him and his family in case of death. Any form of insurance which offers surrender values as one of the attractions in the policy does not fully realize the industrial insurance ideal."

the absolute safety of savings bank insurance is emphasized as a distinct advantage. The very name "*savings bank*" is declared to be a synonym for financial security.

The provisions of the law relating to special expense and insurance guaranty funds, and general insurance guaranty fund, are pointed to as safeguarding perfectly this form of insurance. It is required, moreover, that all agencies for receiving applications and premiums shall be bonded. The Wage Earners' Insurance Committee of the Boston Merchants' Association, which investigated the savings bank insurance, declared in its report that "these safeguards give the policy holder a much greater measure of moral and financial security than that afforded by any insurance company in existence."

The number of policies in force October 31, 1909, was 2,575, representing $1,000,000 in insurance. The People's Bank of Brockton reported 1,076 policies in force, representing an insurance of $452,092; the Whitman Savings Bank 1,499 policies in force, representing an insurance of $550,091.

Following is a detailed statement of the insurance department of the Whitman Savings Bank: —

Whitman Savings Bank, Policy Exhibit.

| | No. of Policies. | Amount Assured. | Annuity. |
|---|---|---|---|
| Monthly premium policies: — | | | |
| Life, paid-up at 75, | 229 | $69,832 | – |
| Endowment, at 65, | 597 | 218,292 | – |
| Twenty-year endowment, | 334 | 101,168 | – |
| Insurance and one-fifth annuity, | 23 | 9,049 | $1,808 |
| Insurance and two-fifths annuity, | 21 | 10,250 | 4,100 |
| Deferred annuity, | 11 | – | 2,000 |
| Annual premium policies: — | | | |
| Ordinary life, | 14 | 7,000 | – |
| Twenty-payment life, | 30 | 15,000 | – |
| Twenty-year endowment, | 238 | 119,000 | – |
| Paid-up policies: — | | | |
| Term insurance, | 1 | 500 | – |
| Annuity, | 1 | – | 4 |

The first full year of operation of the savings bank insurance system, covered by these figures, shows results that are regarded by the promoters of the plan as highly satisfactory. Each of the two banks, at Whitman and Brockton, has been

able to maintain intact the guaranty funds; to set aside the full legal reserve to pay interest on the guaranty funds; and, finally, to declare a dividend to policy holders of 8⅓ per cent. This means that every policy holder who has paid twelve months' premiums receives a rebate of the amount of one month's premium. As a result of the dividend to policy holders, the State Actuary points out that the savings banks are now offering insurance practically at 23½ per cent. less than the industrial companies.

As further evidence of the generally beneficial effect of the savings bank insurance system, its advocate points to the reduction in rates and modifications in policies which have been introduced by the leading industrial insurance companies since the savings bank insurance system went into operation.

The following is an interesting statement regarding the general effect of the savings bank insurance movement, submitted by Louis D. Brandeis, Esq., in a communication to this commission, dated November 18, 1909: —

The success of our savings insurance movement has been very great, and comparatively few people realize how great it has been. They are apt to measure the success only by the amount of insurance written. Measured even by that standard, I think the system has done well, because the million-dollar mark was reached in a little over a year after the system was put into operation; but the more far-reaching and extraordinary success has been in its effect upon the existing companies, of which the Metropolitan and Prudential are the leaders.

Its effect here has been this: —

*First.* — For about twenty years prior to putting forth our plan for savings bank insurance there had been no reduction in premium rates in the industrial companies; on the contrary, a change at one time had been made, increasing rates. Since our movement was started, two sweeping reductions have been made which have resulted in reducing the rates of the leading companies (the Metropolitan and the Prudential) to an average of about 20 per cent. below what they had been for nearly twenty years.

The first of these sweeping reductions took effect January 1, 1907; the second, July 1, 1909; to apply to all policies written subsequent to January 1, 1907. How large the saving is to the working people from its reduction will be realized when one remembers that the first year's premiums on policies in the industrial departments of the

Metropolitan and Prudential companies alone written in the year 1907 aggregated $9,867,175.71, and in the year 1908, $9,369,465.28, in the whole United States.

The total premium income of the Metropolitan and Prudential in the year 1907 was $76,247,383.90, and in the year 1908, $77,894,-149.68; and, as the average life of an industrial policy is very short, it will take but a few years to have the greater part of all of the premium income of the industrial companies represent insurance purchased at rates about 20 per cent. lower than those hitherto prevailing.

The total premium income of all industrial insurance companies from Massachusetts business in the year 1908 was $8,062,389. It is therefore safe to say that within a very short time the saving effected in Massachusetts through the reduction in rates secured since the project for savings bank insurance was presented will exceed a million dollars a year.

*Second.* — In addition to the direct reduction in rates, the savings bank insurance campaign has led to other changes beneficial to policy holders: —

1. The Metropolitan and Prudential have made their policies fully paid up at age 75, whereas previously the obligation to pay premiums continued during life. (The increase of benefit resulting from this change is included in the average of 20 per cent. saving noted above.)

2. The companies have made the full benefit payable after six months from the date of writing the policy, instead of after one year. This is a very important change, in view of the fact that a majority of all the industrial policies lapse before the end of the year. Previous to the savings bank insurance campaign, the policies of the industrial companies provided that in case of death within six months after the writing of the policy, only one-fourth of the face of the policy was payable; and in case of death within the second six months' period, only one-half of the face of the policy was payable; so that the full benefit did not become payable until after the end of the first year, — a period which less than half of the policies survive.

3. Prior to the savings bank insurance campaign there was no such thing as "extended insurance" in case of lapse in industrial companies; that is, when the policies lapsed, except in those rare instances where there was a cash surrender value paid, the policy holder got nothing. Now the companies have extended insurance after three years.

4. The industrial companies, notably the Metropolitan, have also borrowed much from the savings bank insurance system, following closely our new forms of policy, particularly the combined insurance and pension policy, and have made an attempt to introduce certain sociological features into their business.

The reforms thus effected in the business of the industrial insurance companies have of course made competition with them much more difficult, because the evils of the system have been materially reduced; but the evils are still very great, and in the matter of cost alone the savings bank insurance still takes an important lead. For instance, the cost of our regular monthly premium policy is on an average 15 per cent. less than the weekly premium policy in the industrial companies, besides having other important advantages, — among other things: —

1. The savings bank policies are participating, whereas the policies in the Metropolitan and Prudential are non-participating.

2. The savings bank policies have full immediate benefit, whereas the policies in the industrial companies pay only one-half benefit in case of death within the first six months.

## IV.

## PROPOSED PLANS OF OLD AGE PENSIONS OR INSURANCE.

### 1. Bills introduced in Massachusetts Legislature, 1903 to 1909.

The first general old age pension bill to be presented in the Massachusetts Legislature was House No. 1023 of the year 1903, entitled "An Act to provide for State pensions for the aged and infirm," introduced on petition of Frederick Deitrick and others. The bill provided for a system of pensions to be granted to all male voters 65 years of age or over, under certain restrictions. The applicant for a pension must have been a citizen of the State for thirty-five years, the last ten years being continuous; must have been incapacitated for labor, with no means of support, and no wife or child able to support him. A majority of the board of aldermen or selectmen must have certified that the applicant had never been convicted of a felony, and was entitled to a pension under the terms of the act. The amount of the pension was $72 a year. The system was to be administered by a State pension board of three members. The expenses of the system were to be added to the State tax assessed upon the cities and the towns according to valuation.

In 1904 another general pension bill was offered, House No. 1014, entitled "An Act to provide for a system of old age pensions," introduced on the petition of Mr. Brigham of Marlborough. This measure later reappeared as House No. 1362, which was moved as a substitute for the adverse report of the committee on probate and chancery regarding the first bill. Under the provisions of this measure, pensions were to be paid to all male citizens of the Commonwealth 65 years of age who met certain qualifications. The applicant must not have been

already in receipt of a pension from the State, city or town; must have paid a poll tax for twenty-five years; must not have been convicted of a jail offence within ten years; must be certified by a member of the General Court, a mayor, a councilman or some other official, as designated in the bill, as of good moral character, and not addicted to the excessive use of intoxicating liquors; and must have been a resident of the State for ten years preceding the application. The amount of the pension was $2 per week. The bill provided for an increase of the poll tax to an amount not exceeding $5. The cities and towns were to retain $1 from each tax bill, and the Commonwealth was to receive the remainder of the proceeds, to defray the expenses of the pension system. Any deficit in the pension finances was to be met from the State treasury.

In 1905 this bill, slightly amended, was again introduced on the petition of Mr. Brigham of Marlborough, appearing as House No. 301 and House No. 1042. The provisions relating to the poll tax were changed somewhat, in order to give citizens the option of paying the old $2 tax or a new pension poll tax as assessed by the State Treasurer. Only persons paying the latter were to be eligible for pensions.

In 1906 the bill was introduced for the third time, upon the petition of Mr. Brigham of Marlborough, with further changes, as House No. 874. The pension age was raised to 70 years. The applicant must not have been convicted of a felony within five years. Upon motion to substitute for the report of the committee to which this bill was referred, House No. 1050 was introduced. In this substitute measure, the pension age was again lowered to 65 years. The amount of the pension was increased to $3 per week.

Another general pension bill, House No. 263, was introduced in 1906, on petition of J. J. Conway and others. This measure, entitled "An Act to establish a system of old age pensions," provided for a grant of pensions to residents of the State of forty years' standing at the age of sixty years. Applicants must further have paid into the treasury of the State $2 per year from the age of 20 to the age of 60, and must be certified by the overseers of the poor as a person in need of aid and deserving a pension. The amount of the pension was

fixed at $30 per month. The expenses of the system were to be met out of the receipts from a $2 poll tax.

In 1907 Mr. Brigham of Marlborough introduced for the fourth time a general pension bill, House No. 275, which was identical in provisions with House No. 1050 of the preceding year.

In 1908 the same measure was introduced, on petition of David P. Keefe, as House No. 1028.

In 1909 this bill reappeared as House No. 628, accompanying the petition of J. R. Crozier.

Another general pension bill of 1909 was House No. 393, accompanying the petition of N. M. McDonald and others, entitled "An Act to authorize cities and towns to grant pensions to certain of their citizens." This bill would authorize cities and towns to grant pensions to all citizens 55 years of age or over who had no means of making a living and an income of not more than $5 a week.

### 2. Schemes proposed by Individuals.

**(a) An Annuity System for Employees, proposed by Magnus W. Alexander of the General Electric Company, and Chairman, Massachusetts Commission on Old Age Pensions, Annuities and Insurance.**

The following plan is recommended to the consideration of individual and corporate employers as the basis of a contributory system for old age provision, and a reward for long-time, meritorious service of employees. The proposition can be justified on general as well as on specific grounds.

In general, it must be admitted that the stress of modern industrial life makes the proper care of aged workers a problem of increasing economic and social importance and necessity. Unless, therefore, individual employers take the initiative in working out a suitable solution of the problem, the State will be obliged to deal with this matter when, under political pressure of one kind or another, a pension program may be instituted that may prove burdensome alike to the industries and the industrial workers, and demoralizing to the best character development of the people.

On the other hand, it is clear that a frequent changing of

the personnel of employees is expensive and ruinous to economical production. To devise proper means of lengthening the period of service of satisfactory employees, by holding out to them a just reward for long-time, meritorious employment, is, therefore, a matter of good business judgment; a provision of this kind, moreover, will attract into the service of an employer well-intentioned workers, who value the prospect of steady employment and the outlook for a more or less independent old age. Finally, the right scheme will stimulate among employees habits of industry and steadiness, and will, therefore, tend to increase the industrial efficiency of employees.

Accordingly, the plan herewith submitted has a two-fold object: it takes cognizance of an existing problem which is bound to claim increased attention as time goes on, by stimulating and assisting employees in providing for their wants in old age; and, secondly, it recognizes and seeks to enhance the value of one of the most important assets in competitive activity, — the personnel of employees.

The altruism of the plan, therefore, is, as it should be, consistent with sound business considerations. The plan itself, to be effective and equitable, ought to be based on the following underlying principles: —

1. The plan must be a contributory arrangement, under which employees, with the aid of the employer, make their own provision for old age, and the employer, in turn, adequately recompenses his employees for long-time satisfactory service, which, in part at least, has contributed to the success of the business. It must be accepted as fundamentally correct that, in general, employees receive or ought to receive in wages full value for services rendered, and that any additional payment at the end of a fixed period of years must not be looked upon in the light of deferred wages, but as a reward for long-time service. This bonus, on the other hand, to be just and equitable, cannot be large enough to provide an adequate annuity for aged workers. The latter must make essentially their own provision for old age support through saving, but their endeavor should be facilitated by the employer. Aside from arguments of thrift, self-reliance and

industry in favor of a contributory system, it can also be justly claimed that protection against industrial incapacity in old age is an essential to living, which, like all other necessaries of life, should be provided for principally by the individual himself, with such assistance by the employer or State as circumstances in each case may justify.

2. While, in the end, the plan ought to be compulsory for all employees, — for otherwise suspicion and failure to understand may keep many employees from securing for themselves the benefits of the provision, thereby delaying, if not even making impossible, the attainment of the object sought, — yet, in order to avoid misunderstanding and antagonism, the plan may at first be placed on a voluntary basis. Those, however, who once have accepted the provisions of the plan, should be bound thereby while their employment lasts. A compulsory, and, therefore, universal system, would also facilitate its administration.

3. Neither the right of the employer to dispense at any time with the services of any employee, nor the freedom of movement of the employee, must be interfered with, nor should the employee through either action be deprived of any moneys that rightfully belong to him.

4. The financial interests and rights of the employee must be fully safeguarded, and, on the other hand, no undue financial or moral obligation must be placed upon the employer.

5. The employee must be protected against the possibility of being deprived of his bonus rights under this plan through unjust discharge toward the end of the required service period.

6. The employer should not be called upon to compensate for faithful service during a stipulated time until such service has actually been rendered.

7. The plan should be under co-operative management, with employer and employees alike sharing the responsibilities for the successful carrying out of the undertaking.

Based on these considerations, a plan has been worked out which contains essential features of a new aspect of the problem: —

1. The receipt of an annuity by an employee is dependent

on the completion of a stipulated service period, — twenty-five years, — and not upon the attainment of a certain age. In this way young men will be attracted into the service of an employer, and will be stimulated early in life to steadiness and industry.

2. An annuitant is not obliged to leave the service of the employer, but may remain at such compensation as is mutually agreed upon between him and the employer. Skilled men, therefore, may become annuitants at an age when their retention in the service might prove very desirable and profitable, both in view of the quality of labor of such men, based on their long-time experience, and the moral effect of their presence in a large working body.

3. Every annuitant secures for himself a monthly allowance commensurate with the amount which he has accumulated during twenty-five years from savings and bonuses; in other words, the payment of annuities is based on actuarial science, which will tend to make the annuity association solvent at all times.

4. In paying bonuses, the employer differentiates between those who, on account of their larger earnings, may be presumed to be men of skill, and therefore of especial value to the employer, and those who belong to the class of unskilled, and can therefore be replaced with little difficulty.

5. The arbitration provided for in the plan deals with the bonus rights of the employee as effected by a just or unjust discharge, and not with the discharge itself. It penalizes, so to speak, an employer for an unjust discharge of an employee after ten years of service, but does not interfere with his inalienable right to discharge, and therefore does not endanger the discipline of the establishment.

*The Plan.* — (*a*) As soon as an employer shall have established an annuity association, every new employee of more than 21 years of age and with at least six months of continuous service shall become (if the plan is compulsory, or shall be entitled to become, if the plan is voluntary) a member of the annuity association, and shall remain a member during continuity of service or until he becomes an annuitant. Employees with prior service at the time of establishment of an

annuity association may elect to become members under conditions hereinafter provided for.

(*b*) The management of the annuity association and the care and investment of its fund shall be vested in a board of five trustees, two of whom shall be chosen by the employer, two by the association, and the fifth, as chairman, by the other four trustees.

(*c*) The trustees shall serve without compensation, but they shall be reimbursed out of the annuity fund for any necessary expenses incurred on account of their services as trustees. They shall have power to make by-laws not inconsistent with the provisions of the plan, and to employ clerical and other assistance, and pay for such services out of the annuity fund. The board of trustees shall have the annuity fund audited semi-annually, and all members notified of their account with the annuity fund at that time.

(*d*) Each trustee shall be elected for two years, and until his successor has been chosen and qualified. On a vacancy occurring in the board, the successor to the person whose place has become vacant shall be chosen for the unexpired term in the same manner as was his predecessor.

(*e*) The employer shall designate one of the trustees as treasurer, and place him under adequate bond, and bear the expense for such bonding.

(*f*) Every member of the annuity association shall contribute 5 per cent. (or such other amount as may be decided upon for each annuity association) from his wages or salary as often as the same becomes due, and he shall continue to contribute such amount for twenty-five years, or until his employment ceases prior to this time.

(*g*) Whenever a member of the annuity association completes ten years of membership, and therefore of continuous service, the employer shall pay to the individual account of such employee with the annuity fund a sum of $100, if the employee's total contributions to the fund have been $350 or more, and $75 if less than $350. He shall pay an additional sum of $100 for further continuous service of five years, if during this time the employee's total contributions have been $175 or more, and $75 if less than $175; and, similarly, he

shall pay a further sum of $150 and $100 respectively for five more years of continuous service; and a final sum of $200 and $150 respectively for a completed continuous service of twenty-five years, according to whether the employee's contributions during each of the last two five-year periods have been $175 or more, or less than $175.

(*h*) A member who has completed twenty-five years of continuous membership in the annuity association shall become an annuitant, and as such shall receive during the remainder of his life an annuity payable monthly, whether or not he remains in the service of his employer or accepts other employment. The annuity shall be in proportion to the annuitant's account with the association at that time and his age at his next birthday, based on the American mortality table and a 3½ per cent. interest rate.

(*i*) Should an annuitant die before having received in monthly allowances an amount equal to his account with the annuity association at the time of becoming an annuitant, his widow or children or parents shall receive the residue of the annuitant's account in the same monthly instalments as those received by the annuitant; or, if no widow or child or parent survive, the residue shall revert to the annuity association. In the latter case, however, the trustees may defray from this residue such funeral expenses as they may deem necessary.

(*j*) Should a member of the annuity association voluntarily quit his employment, and therefore the association, during the first ten years of membership, or should he be discharged or die during such period, he or his legal heirs shall receive back all moneys contributed by him, with interest at the rate of 3 per cent., compounded semi-annually, and he or his legal heirs shall have no further claim on the annuity association or its funds.

(*k*) Should a member of the annuity association, however, voluntarily quit his employment, and therefore the association, after ten and before the completion of twenty-five years of membership, or should he die during such period, he or his legal heirs shall receive back all moneys contributed by him, together with bonus or bonuses of the employer, the

whole at 4 per cent. interest, compounded semi-annually, and he or his legal heirs shall have no further claim on the annuity association or its funds.

(*l*) On the other hand, should a member of the annuity association be discharged by the employer, and therefore from the association, after ten and before the completion of twenty-five years of membership, he shall stand discharged as far as his employment is concerned, but the justification of the discharge shall be judged by a committee of three, one to be chosen by the discharged employee, one by the employer, with the chairman of the board of trustees as the chairman of the committee. If this committee declares the action of the employer to be justified, the discharged employee shall receive back such moneys as if he had voluntarily quit his employment. If, on the other hand, the committee does not justify the action of discharge by the employer, the discharged employee shall receive, in addition to his contributions and the then paid bonus or bonuses of the employer, the whole at 4 per cent. interest, compounded semi-annually, the yet unpaid bonus or bonuses of the employer; and he or his legal heirs shall have no further claim on the annuity association or its funds. The decision of the committee shall be final and conclusive.

(*m*) Any employee with continuous service prior to the establishment of the annuity association, who may be admitted to the association, shall have the privilege of dating back his membership in the association to the time when he would have been entitled to membership had the association existed at that time, or to any date between that time and the actual time of joining the association, upon condition of depositing with the annuity association a sum equal to 5 per cent. of the total wages or salaries earned by him during the full period of prior membership. If the latter has been in excess of ten years, the employer shall then add the proper bonus or bonuses; but no prior service of more than twenty full years shall be recognized unless with the expressed approval of the employer.

(*n*) The board of trustees shall have power to recommend an increase or decrease of the rate of contribution by mem-

bers of the association, and shall put such change of rate into effect whenever the same has been accepted by a majority of the members voting thereon by letter ballot. The board of trustees shall also have power to change the rate of interest to be paid on withdrawals whenever the amount of withdrawals and annuity payments over receipts makes such change necessary.

(*o*) The employer shall deduct from the wages and salaries of the members of the association the stipulated contributions to the annuity fund, and shall promptly forward to the treasurer of the association the moneys thus collected. He shall also promptly pay to the treasurer of the association the bonuses when the same fall due.

(*p*) The annuity association shall have no financial claim on the employer beyond the contributions from the wages and salaries of members of the association already collected and the bonuses already earned.

(*q*) The employer shall have the right to withdraw the annuity and bonus system at any time by giving due notice to the board of trustees one year prior to such withdrawal, and no new member shall be admitted after such notice has been served. The annuity association, however, shall be continued during the year following the serving of notice, for the benefit of members and annuitants; and at the end of this time the company shall add to the individual account of every member of more than ten years' membership the pro rata share of the bonus due him at the end of fifteen, twenty or twenty-five years' continuous service, respectively. The pro rating shall be based on full years of service only.

(*r*) At the time of the dissolution of the annuity system the annuity fund shall be divided as follows: —

1. The annuity association shall buy in a reputable company an annuity for every annuitant at the rate received by him from the association, and shall return to the annuitants any moneys left from their accounts with the association after deducting the cost of such annuities.

2. All members of the association of more than ten and less than twenty-five years' standing shall receive back all their contributions and the then paid bonuses of the em-

ployer, the whole at 4 per cent. interest, compounded semi-annually.

3. All other members shall receive back their contributions with 3 per cent. interest, compounded semi-annually.

4. All moneys then remaining in the annuity fund, after deducting the yet unpaid expenses of the board of trustees, shall be divided among all members and annuitants according to the length of their membership in the annuity association.

(*s*) No assignment of any right in or to the annuity fund by any member or annuitant of the association shall be considered valid.

(*t*) In all matters of dispute relating to the rights of members and annuitants of the association and the employer, the board of trustees shall be considered as having final power, except as provided for in article (*i*), and except where any matter is referred to some other person or persons by unanimous vote of the board of trustees.

In the foregoing, the main features of a system have been presented that must be adapted to each industry and its general wage schedule, and to local conditions. The amounts of contributions by employees and of bonuses by employer, herein specified, are illustrations applicable to industries in which the average employee earns $14 per week the year round.

In other industries these amounts will have to be increased or decreased.

An employee earning $15 per week would contribute 75 cents per week, or $975 in 25 years; and the employer would pay $550 in bonuses. At 3½ per cent. compound interest the former sum would accumulate to $1,550 and the latter to $690, so that the annuitant from his account of $2,240 would receive an annuity of about $12.75 per month at age 50, $14.50 at age 55 and $16.75 at age 60, respectively. Similarly, an employee earning $10 per week would receive as an annuitant about $8.75 per month at age 50, $9.75 at age 55 and $11.50 at age 60, respectively.

An employee earning $20 per week would receive a monthly annuity of approximately $15.50, $17.75 and $20.50, respectively, at age 50, 55 and 60.

**(b) Scheme of Pensions for Employees of Companies, proposed by Augustus P. Loring, Esq.**

1. The fund shall be vested in three trustees, two to be appointed by the company and one to be elected by ballot by the operatives who participate in the plan. They shall have full power to invest and reinvest in securities suitable for the investment of trust funds, and shall be liable for their own wilful default only.

2. All persons who are in the service of the company on January 1, 1910, who were not over 40 years of age at the time of their employment, except the general officers, may join in the benefits of the scheme.

3. Any person who was over 40 years of age at the time of his employment may come under the operation of this scheme by paying the assessments that would have accrued between the age of 40 and the age at which he was actually employed. Such of the above specified persons who do not come into the scheme on January 1, 1910, may do so at a later date by paying the assessments accruing between January 1, 1910, and the date when they joined, with interest at 3½ per cent. These assessments may be spread over five years.

Any person except the general officers, entering the service of the company after January 1, 1910, may come under the operation of this scheme by joining within six months after he is employed, or, if he join at a later date, by paying the assessments, with interest at 3½ per cent., accruing between the time when he was employed and the time when he joined. These assessments may be spread over three years.

4. Two and one-half per cent. shall be deducted from the salary or wages of each employee who has joined in this scheme, and paid to the trustees of the fund; and a like sum shall be paid over by the company at the same time.

5. These sums shall be held by the trustees as a reserve fund until such time as the person making the payment or on whose account it is made becomes an annuitant on the fund.

6. Annuities shall be paid from the funds contributed by the annuitant or on his account, and from all other moneys in the hands of the trustees. If these funds are insufficient, the company shall make up the deficit. If there is a surplus, the

company shall be reimbursed, without interest, for the deficits made good by it.

7. When persons who have been in the employment of the company for ten years become incapacitated, by infirmity of body or mind (not the result of their own misconduct), from performing their usual duties for a period of six months, they shall be entitled to a pension. All employees may be retired, either on their own request or by the request of the company, after reaching 60 years of age, and shall thereupon receive a pension.

8. Pension allowances shall accrue from day to day, and shall be paid monthly, and shall terminate on the death of the beneficiary; and shall be for each year of service 1 per cent. of the average monthly pay for the term of service, or, if such term is longer than ten years, then for the last ten years preceding retirement. For illustration, if an employee has been in the service of the company for fifty years, and has received on an average for ten years $50 per month in regular wages, his pension allowance will be 50 per cent. of $50, or $25 per month.

9. If an employee dies while in the service of the company, not being a pensioner, his legal representatives may withdraw all his contributions to the fund and also those made by the company on his behalf, without interest. A female employee leaving the service for marriage shall have similar rights of withdrawal.

Other employees voluntarily leaving the service of the company, or honorably discharged, may withdraw their own contributions to the fund without interest; but employees discharged for fraud or misbehavior, or resigning or leaving the service for marriage to avoid dismissal, shall forfeit all claim on the fund, in the discretion of the trustees.

10. No action which shall now or hereafter be taken in connection with the origin or furtherance of a pension fund or plan shall be held or construed to give any officer, agent or employee a right to be retained in the service or become entitled to a pension allowance; but, on the contrary, the company may discharge any officer, agent or employee at any time when, in its judgment, the interests of the company so require, without liability for pension or other allowances save

only salary or wages then earned and unpaid, and withdrawals as above provided.

11. All benefits of the pension fund shall be inalienable and unassignable, and shall inure for the sole benefit of the member; and should the member in any way attempt to alienate any benefit he is or may be entitled to derive from the fund, or should he become bankrupt or insolvent, his interest in the fund shall thereupon cease, and all payments made by him or on his behalf to the fund shall thereupon be absolutely forfeited. Nevertheless, it shall be competent for the trustees in their uncontrolled discretion to recreate the interest of the member either in whole or in part, as they may think fit, and for the benefit of the member or of his family or of any person or persons dependent upon him, as they may think fit.

The trustees shall interpret the words "incapacitated," "misconduct," "fraud," "misbehavior," or the expression "resigning or leaving the service for marriage to avoid dismissal."

12. The expense of administering the fund shall be borne by the company.

13. The acceptance of a pension allowance shall not debar the beneficiary from engaging in other business.

14. In the event of the dissolution or liquidation or merger of the company, or in the event of its abandonment of a pension system, the trustees shall first buy annuities for the pensioners on the fund equal to the amount of their pension, and shall then promptly divide the balance of the fund among the employees in proportion to their contributions.

PENSION FUND.

*This certifies that* aged years on last birthday, which was on and who entered the service of the company on , has become a subscriber to the *pension scheme* of the company, established January 1, 1910, according to the terms and conditions of said scheme, which are hereto annexed.

A,
B,
C,
*Trustees.*

**(c) Contributory Scheme for Old Age Pensions, proposed by Sir John Pilter, 48 Rue Michel-Ange, Paris, France.**

This is a plan for providing pensions for all aged persons, and at the same time promoting thrift, education and efficiency. It is voluntary and contributory.

The scheme provides for the institution of a special State annuity department of the post office, in which people may insure for themselves annuities varying in amount up to the maximum of £22 yearly from the age of 55, and £44 yearly from the age of 65. Every boy and girl on attaining the age of 15 years receives from the department a birthright annuity grant of the value of £30, as at the age of 55. "This sum, to form the nucleus of the annuity, is credited to the assured in the book which is presented to every boy and girl on the fifteenth birthday by the authorities of the district in which they live."

The nucleus for an annuity thus created can be increased by the assured in various ways: through education, handicraft, assiduity, military and marksmanship prizes, each of the value of £5 or £10, as at the age of 55, and through the payment, regularly or irregularly, of any sums, however small, to the amount of the assured. Sums so paid are at once increased by compound interest, at the rate of 4 per cent. per annum, to the age 55; and, further, by an amount equal to that paid in by the assured. On the additional contributions thus made by the State no interest is allowed. However, after the assured has attained the age of 35 years no sums exceeding £2 are paid by the State in this way during any one year; and when the amounts credited by the State have reached a total of £10, no further grants are made.

The premiums may be paid in any post office of the United Kingdom, where special stamps are affixed to the book kept by the assured. These books are signed every year by the proper authorities and are totalized as at age 55.

The amounts of the birthright and prize grants, and of the premiums paid by the insured, are untransferable and unattachable on any condition whatever. If, however, the holder of a grant dies, "the State is freed from all liability

either as to capital or annuity; the heirs of the deceased policy holder do not inherit any sums which may have been paid in by the deceased, but, as the heirs themselves are policy holders, they benefit by the death, as the advantages provided by their own policy are calculated on the basis that policies that lapse through death revert to the State." Furthermore, should the assured fail to increase his total accumulated capital calculated as at age 55 to a minimum amount of £120, then the State analyzes the original grant given to him, and merely repays him the premiums paid in and the prizes that he may have won; the latter are paid out at the rate of one-tenth each year for ten years.

The amount of the annuity paid to the assured from age 55 to age 65 is 5½ per cent. per annum on his accumulated capital. From age 65 to death the amount of the annuity is 11 per cent. on the accumulated capital. The annuities are payable monthly.

The amount of capital which any assured person shall be allowed to accumulate, calculated as at age 55, is limited to £400. When that limit is reached no further premiums shall be received. Thus, the maximum amount of annuity obtainable at age 55 on the 5½ per cent. basis is £22; and the maximum annuity obtainable at age 65 on the 11 per cent. basis is £44.

The annuity prizes which may be earned by an assured person are: first, £5 on passing an educational standard examination before attaining the age of 17 years; second, £5 on passing a standard examination in any handicraft before attaining the age of 20 years; third, £10 on the production of an assiduity certificate, after having attained the age of 20 years, certifying that the holder has been in regular employment of some description for a period of at least ten months in each year, from the age of 15 to that of 20 years, unless prevented by sickness; fourth, a military and marksmanship certificate, attesting that the holder has passed the tests required by the War Office for proficiency in the use of the rifle. It is also contemplated that institutions and societies will establish prizes in the form of additions to the annuity fund.

In addition to the contributions by the assured and by the State, provision is also made for contributions by employers. The following schedule for such contributions is proposed: first, for employees earning daily wages not exceeding 2s. 6d., contributions from the employer double the amount paid in by the assured; second, for employees earning daily wages exceeding 2s. 6d. but not exceeding 6s., contributions from employer equal in amount to the payment by the assured; third, for employees earning daily wages exceeding 6s. but not exceeding 10s., contributions from the employer to an amount equal to one-half of the payment by the assured. These contributions by the employer are to cease in every case when the accumulated capital of the assured reaches the £400 maximum.

The cost of this scheme, estimated on the assumption that every one takes advantage of its provisions, and that the capital invested produces 3 per cent. annually, is calculated at £5,414,666 per annum from the day the scheme goes into operation.

The principal advantages of the scheme, as set forth by the author, are in brief as follows: First, the pension provided is not a charity, — it is granted as a right through a national institution, to which all contribute and from which all receive. Second, the government annuity book will serve as a "way-bill" for the assured, as a certificate of character, which will be of great help to him throughout life. Third, all sums paid in, however small and however irregularly, are at once capitalized as at age 55, and the amount of the annuity accruing is shown every year; thus the payment of premiums for the distant future, which is always an unpalatable proposition, is served up in the most attractive form possible. Fourth, the assured is guaranteed against the loss of his accumulated capital, through failure to pay premiums in time of distress or unemployment, since the amount accumulated is absolutely untransferable and unattachable on any condition whatever. Fifth, a young person who does not earn an amount sufficient to enable him to pay any regular premiums can earn the educational, handicraft and assiduity

prizes, and by so doing will not only see his capital increase, but also his earning power. Sixth, the annuity provided is not a "starvation income, which will barely allow body and soul to cling together," but is sufficient "to insure plenty even to a single person living alone, and when two or more live together, which is almost invariably the case, then ease, comfort and dignity." Seventh, finally, the scheme will not only diminish poverty directly, but will stimulate education, technical knowledge, assiduity in work and military service.

This plan has been laid before the British Parliament in a bill introduced August 23, 1909, the text of which is as follows: —

Contributory Annuities Bill. — A Bill to establish a System of Life Annuities for Persons over Fifty-five.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows: —

1. The postmaster-general shall establish a contributory annuity department for the purpose of securing annuities as hereinafter provided for persons who have attained the age of 55 years.

2. Every person of British nationality who has attained the age of 15 years shall be entitled to receive an annuity book, in which shall be inscribed the name, address and birthplace of such person, and the names and addresses of his parents.

3. When the holder of an annuity book attains the age of 55 years there shall be deemed to stand to the credit of such person, in addition to the sums contributed by such person and any additions made to such sums by way of interest or otherwise as hereinafter provided, the sum of £30 and any one or more of the following special grants (that is to say): —

In the case of a person holding an elementary education certificate, £5.

In the case of a person holding a technical education certificate, £5.

In the case of a person producing evidence of assiduity, £10.

In the case of a person who has served in the navy or army, £5 for each year of such service.

In the case of a person who is certified by the secretary of state for war to be proficient in the use of the rifle, £5.

In the case of a married woman or widow who has borne children who have attained the age of 5 years, £5 for each such child.

4. Examinations in elementary education and in technical education shall be held annually in every public elementary school in accordance with regulations which shall be made by the board of education for this purpose. Any person holding an annuity book who has not attained the age of 20 years shall be entitled to attend either or both of such examinations, and, if he satisfies the examiners, to receive an elementary education certificate or a technical education certificate or both such certificates.

5. Any person shall be deemed to produce evidence of assiduity who produces such evidence as the postmaster-general may require to satisfy him that such person, unless prevented by sickness, has, between the ages of 15 and 20 years, been in regular employment or under educational instruction for not less than ten months in each year.

6. There shall also stand to the credit of any holder of an annuity book when he attains the age of 55 years any sums contributed by such holder, with compound interest thereon at the rate of 4 per cent. per annum, and a special grant equal to such sums without interest: *provided,* that such special grant shall not exceed the total of £10.

7. Any holder of an annuity book who is a workman shall be entitled to obtain from his employer contributions in accordance with the schedule of this act, and any contributions so obtained shall be deemed to be contributions by such workman. For the purposes of this section the words "workman" and "employer" have the same meaning as in the workmen's compensation act, 1906.

8. When the sums standing to the credit of the holder of an annuity book have reached such an amount that the total sum standing to his credit on attaining the age of 55 years under the provisions of this act will equal £400, no further contributions shall be received from such holder, and any sums tendered as further contributions by such holder shall be placed to his credit in the Post Office Savings Bank.

9. (1) If the sums standing to the credit of the holder of an annuity book at the age of 55 years amount to a total of less than £120, such holder shall be entitled only to receive for ten years, or until his death if he dies before the expiration of such ten years, an annual payment representing one-tenth of any sums contributed by such holder without interest. (2) If the sums then standing to the credit of such person amount to a total of more than £120, he shall be entitled to an annual payment until his death calculated upon such total at the rate of 5½ per cent. per annum until he attains the age of 65 years, and thereafter at the rate of 11 per cent. per annum.

10. Every assignment of, or charge on, and every agreement to assign or charge, an annuity under this act shall be void; and on the bankruptcy of a person entitled to an annuity such annuity shall not pass to the trustee or other person acting on behalf of the creditors.

11. The postmaster-general, in conjunction with the local government board, may make regulations for carrying this act into effect.

12. Unless moneys shall be provided by Parliament for the purpose, any expenses incurred in carrying this act into effect shall be defrayed in the case of each annuitant by the rating authority of the district within which such annuitant is resident. Any difference between the postmaster-general and any rating authority with regard to the interpretation of this section shall be referred to the local government board, whose decision shall be final.

13. This act shall come into operation on the first day of January 1910.

14. This act may be cited as the contributory annuities act, 1909.

## V.

## THE GENERAL QUESTION OF OLD AGE PENSIONS AND INSURANCE.

### 1. Analysis of Existing and Proposed Schemes.

The various plans of old age pensions and insurance which have been adopted or proposed thus far may be reduced, on final analysis, to six main types: —

#### (a) Universal Non-contributory Pension Schemes.

This type of scheme is associated with the names of Charles Booth of London and the late Edward Everett Hale of Boston, — the most prominent advocates of universal non-contributory pensions.

The scheme proposed by Mr. Booth calls for a grant of a pension of 7s. a week to every person 70 years of age and over. Mr. Booth would exclude aliens, and possibly certain other ineligibles, from the benefits of the pension system, but remarks that it is unnecessary to burden the statement of his scheme with these details. Practically, the plan is universal in its application, and is wholly non-contributory. Any person claiming to be 70 years of age and entitled to a pension would take out an application with the registrar of the district in which he lived. The latter would forward this application to his superintendent, who would investigate and report upon it. If the application were allowed, the pensioner would then be provided with a certificate of identity and a pension book, which would enable him to draw his allowance weekly at a local post office.

The plan proposed by the late Edward Everett Hale was similar to that of Mr. Booth. Every citizen, man and woman, over 69 years of age, was to be paid a pension of $100 a year. The cost of the scheme was to be met out of the proceeds of the State poll tax. It was Dr. Hale's opin-

ion that, if the expense of a pension scheme were provided for in this way, the citizens who paid a poll tax would feel no discredit attaching to the receipt of a pension, since they would themselves provide the funds out of which the pensions would be paid. The payment of an old age pension of $100 each to every citizen who had passed the age of 69 years would not, in Dr. Hale's opinion, involve a heavy burden upon the State.[1]

**(b) Partial Non-contributory Schemes.**

This type of scheme is embodied in the old age pension acts of Great Britain and Australia. The application of the British and Australian systems of old age pensions is restricted to the deserving aged poor.

The British act provides for the payment of pensions, not exceeding 5s. weekly, to persons 70 years of age and over, but excludes from the benefits of the scheme the following classes: persons who have lived in the United Kingdom less than twenty-five years; persons whose yearly incomes exceed £31 10s.; persons in receipt of poor relief; persons who have failed to work according to their ability to maintain themselves and their dependents; inmates of lunatic asylums; and persons convicted of a prison offence. The scheme is wholly non-contributory, the expenses being paid out of "money provided by Parliament."

The Australian system is similar in principle to the British plan, the main differences being that the pensionable age is lower, namely, 65 years; and the amount of the pension is larger, namely, 10s. per week. The conditions of eligibility laid down in the act are: no person may receive a pension unless he has lived in Australia continuously for twenty-five years prior to the date of the application; is of good moral character; has led a temperate and reputable life for five years preceding; has not deserted husband, wife or children; and does not own property of more than £310 in value; aliens, subjects naturalized less than three years, Asiatics and aboriginal natives are also disqualified. The pensions are paid out of the general treasury.

[1] For an estimate of the cost of universal pension schemes, as proposed by Dr. Hale, see p. 261.

**(c) Compulsory Contributory Insurance, with State Subsidy.**

This is the type of scheme adopted by Germany. The insurance is compulsory on all wage earners, and on salaried persons whose yearly income does not exceed 2,000 marks. The scheme is founded on the principle of obligatory insurance of working people, with assistance by employer and State. Participation in the plan begins with the completed sixteenth year. The pension is paid at the age of 70. The contributions by the insured are graded according to the amount of the wages or salary in each case. The contribution is divided equally between the employer and the employed. The State pays the expenses of administration, and in addition contributes to each pension a fixed sum. This method of dividing the burden works out in practice so that about one-third of the total expense is borne by the State, by employers and by employed respectively. The amount of the pensions is small, the maximum allowance not exceeding $60 per year.

**(d) Voluntary Contributory Insurance, with State Subsidy.**

This is the plan embodied in the Belgian old age pension act. It is a scheme for subsidizing thrift by means of a State contribution to insurance funds provided through individual savings. The object is to put a premium on saving for old age. Participation in the scheme is optional. The pension is payable at the age of 60; the amount is $72. The plan is administered through a superannuation fund bank, maintained by the State. Citizens may insure themselves, making contributions to this bank; the State then pays a bonus or premium on the amount contributed by the individual. This scheme of assisted insurance is supplemented in Belgium, it should be added, by a system of non-contributory pensions.

**(e) Voluntary Insurance under Public Administration.**

This system has been adopted in Massachusetts through the savings bank insurance act of 1907, and in Canada through the government annuities act of 1908. The under-

lying principle of these two measures is essentially the same. Both schemes provide for the sale of insurance and annuities at cheap rates, under a governmental guarantee. In the Canadian scheme the sales are made directly through a government department; in the Massachusetts scheme, indirectly through the medium of the savings banks. The system differs from the Belgian plan of voluntary contributory insurance, in that the State pays no direct subsidy to the insurance funds. There is a small subsidy by the State, in the form of the expenses of administration. The aim of this scheme of voluntary insurance is to make the facilities for saving, especially against old age, numerous, accessible and attractive to working people. The amount of the insurance is limited in Canada to $600, in Massachusetts to $500; and the amount of the annuity in Canada to $50, and in Massachusetts to $200. Opportunity is afforded to employers to co-operate with their working people in providing insurance or annuities, by making contributions toward the payment of premiums or assisting in the collection of the latter.

#### (f) Voluntary Insurance under Private Management.

This method of dealing with the pension and insurance question is illustrated by the industrial insurance offered by private insurance companies, and the retirement and pension systems established by employers of labor. No State action is involved here except in the form of supervision. In case of the schemes established by employers, each industrial group provides for its own insurance through a contributory or non-contributory scheme. The system in such cases is usually non-contributory. Industrial insurance is a business proposition, pure and simple. It represents private enterprise applied to the solution of the problem of old age insurance.

### 2. Fundamental Questions of Principle involved in Old Age Pension Problem.

The admitted need of some system of provision for the support of old age through pensions, insurance or annuities, public or private, is conceded by all persons who have made

a serious study of this question. Two considerations are important, as showing this need.

In the first place, there is the distressing spectacle of pauperism in old age. It was this that first gave rise to the agitation for pensions in England a generation ago. The men who first agitated the pension idea in that country were shocked by the alarming extent of destitution among the aged. In the second place, there is the problem of industrial superannuation. The changed conditions of industrial life have forced this problem to the foreground. The average period of employment has been shortened by the increasing use of machinery and the growing stress of competition, which result in the retirement of workers at an earlier age. At the same time, the average duration of human life has been lengthened by scientific hygiene and improved sanitation. Thus, the period of non-productive existence at the end of life has been extended from both ends, through the earlier retirement of workers and through the lengthening of human life itself. It may be expected that these conditions, which have made the problem of industrial superannuation a pressing one, will become more rather than less potent in the future. The problem is destined to become increasingly urgent.

The general question of old age pensions must at this point be analyzed or dissected, for the purpose of further discussion. The various plans for the solution of the problem of old age support which have been tried or proposed involve widely different principles and methods. The first issue that arises in passing upon principles and methods of solution is, Should the plan be contributory or non-contributory? That is, should the expense be borne in whole or in part by the beneficiaries, in the form of contributions to pension or insurance funds, or should the cost be defrayed entirely by the State, through general taxation? If the contributory principle be chosen, then the further question arises, Should participation in the plan be compulsory or voluntary? That is, should individuals be left entirely free to take advantage of the system of pensions or insurance provided, or should they be compelled to take part in the scheme? If, however, the non-contributory principle be chosen, the matter of com-

pulsion does not call for consideration, because it is evident that every one who really needed such aid would apply for a pension under any non-contributory system. Finally, whether the plan be contributory or non-contributory, this further question comes up for consideration, Should the insurance or pension scheme be universal or partial? That is, should the benefits be extended to all without restriction, or should they be confined to certain persons who meet specified conditions of eligibility?

**(a) The Question of Contributory versus Non-contributory Pensions.**

The non-contributory principle was the one advocated by the pioneers of the pension movement in England. The schemes of non-contributory pensions are, furthermore, the most popular at the present time. The arguments in favor of adopting the non-contributory principle as the basis of any scheme that is devised may be grouped as follows: —

1. It is impossible, through any contributory system, to reach the class of poorest paid workers, which includes those most in need of old age support. The members of this class cannot save enough to contribute to pension funds. This view was stated in a pamphlet published in 1879, by Mr. R. P. Hookham of Islip, Oxfordshire, Eng. He wrote: —

> I shall first take up a position which I believe cannot be practically controverted: that under existing circumstances it is impossible for the laboring poor — and I have in view more especially the agricultural poor, having been in immediate contact with that class — it is impossible, I say, for even the best-conducted of these to lay by a sufficient provision for their support in old age. . . . This ought not to be, for I maintain that every good citizen, having contributed to the wealth of his country, is entitled to an honorable maintenance from it, when no longer able, from old age, to add further to that prosperity.[1]

It is even maintained that, in general, the members of the working class do not now receive a living wage, and consequently are not able to contribute to a pension scheme; any plan that is adopted must, therefore, be non-contributory.

2. It is the duty of the State to take care of the needy aged. This obligation is recognized and embodied in the

[1] H. P. Hookham, "Outlines of a Scheme for Dealing with Pauperism," p. 72.

present system of poor relief. It should be discharged, however, in a more considerate and liberal manner than under the present system. The method of providing for dependent aged persons in almshouses is declared to be harsh and cruel; it subjects respectable aged persons to contaminating and degrading associations. The present system of poor relief brands old age pauperism with a stigma. It is urged that a system of pensions, granted as a right to all aged persons, should be adopted as a means of removing this stigma, and providing in an enlightened and humane fashion for the deserving aged poor. Mr. Charles Booth holds that the claim of the old to pensions granted as a right, not as a charity, is especially strong in the case of women.

> It is held that those who have worked for a lifetime have a claim to something more than social charity, and, however this argument may be regarded as to men, it has considerable force with respect to women, who have often spent lives of the most active and invaluable citizenship, without ever having the smallest opportunity for saving. Their husbands give them from their wages the sum they think necessary for current expenses of the household, and expect a very full *quid pro quo* in solid comfort. Men often die leaving an elderly widow entirely destitute, or with little more than enough coming from some friendly society to defray her husband's funeral expenses; and there may or may not be children able or willing to give their mother a home.[1]

3. The aged worker has really made contributions to the public funds from which so-called non-contributory pensions would be paid, through payment of taxes and through service in the industrial army. Mr. Lloyd George stated this view of the case as follows: —

> As long as you have taxes upon commodities which are consumed practically by every family in the country, there is no such thing as a non-contributory scheme. . . . Again, the worker who has contributed by his strength and his skill to the increase of the national wealth, has made his contributions to the fund from which his pension is to come when he is no longer able to work.

4. The expense of a pension system would be largely offset by the reduction in outlay for poor relief that would

[1] Charles Booth, "Pauperism and the Endowment of Old Age," p. 168.

follow upon the adoption of such a plan. The establishment of a pension system is expected to reduce greatly, if not abolish altogether, the expenditure for almshouses and charity. Mr. Charles Felton Pidgin, former chief of the Massachusetts Bureau of Statistics of Labor, presented this financial argument for pensions in the annual report of the Bureau for 1905. He estimated that the amount expended in this State by cities, towns, individuals and corporations for charitable purposes in the year 1900 was $9,580,551.51. He further estimated the amount required to pay pensions of $260 per annum to one-fifth of the population 65 years of age and over to be $7,441,564, basing this estimate on the assumption that only one person in five would apply for a pension. He concluded, therefore: —

> The amount required to pay an annual pension of $260 to one-fifth of the persons in the State 65 years of age or over is $2,138,987.51 less than was contributed in the year 1900 by the cities and towns and by individuals and corporations for charitable purposes. If this plan were adopted, cities, towns, and individuals and corporate societies would be free from collecting and distributing money for charitable purposes.[1]

5. The payment of even small pensions to old persons would help keep families together. It would make it possible for the children to retain the aged parent in the household, through the addition that his pension would bring to the family income. The late Dr. Edward Everett Hale put this argument as follows: —

> What you want is that a man's children should be glad to have grandpa in the home, and a pension of $3 a week would give you that. The aged person could always find some family that wanted to take care of him, if he had that amount. Grandpa would make himself a very popular person at home. But as it stands now, he is not wanted there; they send him off to some other place.[2]

6. The establishment of a non-contributory pension system would create a sense of well-being, hopefulness and ambition

[1] Report of the Massachusetts Bureau of Statistics of Labor, 1905, p. 144.

[2] Dr. Edward Everett Hale, testimony before Massachusetts Commission on Old Age Pensions, June 3, 1908.

in the ranks of the working class, and would thus increase individual saving. Prof. Henry R. Seager contends that the British pension act of 1908 will "not only add tons to the sum of human happiness, but, what is more, will quicken the development of that spirit of independence and self-help which lies at the basis of all true progress." He argues as follows: —

> The most serious obstacle to saving and accumulating property for the more poorly paid groups of wage earners is the apparent hopelessness of the undertaking. It is true that the poverty of the poor is in part due to improvidence; but it is also true that poverty itself is one of the chief causes of improvidence. Any change that will increase the feeling of security and confidence with which wage earners contemplate the future will tend to cause them to make rational provision for the future. Thus the guarantee of necessaries for all respectable wage earners after the seventieth year can hardly fail, it seems to me, to stimulate many of them, who now make no provision for old age, to try to accumulate enough to afford at least the annual income of $105, which may be enjoyed under the British law without any diminution in the pension paid by the State. But saving with a view to providing for future needs is a habit which, once acquired, is certain to persist, even after the goal which originally incited it has been attained. Of those who save in order that they may be assured some comforts, their necessaries being assured through the State, many will accumulate enough to render themselves independent of State aid. On these grounds, I believe that the new policy, far from discouraging thrift and forethought, will tend on the whole to encourage them.[1]

The arguments against the non-contributory principle and in favor of the contributory may be classified thus: —

1. The cost of non-contributory pensions would be enormous. This objection in itself is held to be well-nigh prohibitive. Mr. Booth himself estimated the cost of his scheme of universal and non-contributory pensions for persons 70 years of age and over at about $80,000,000 for the first year. The present British system of non-contributory pensions cost about $40,000,000 for the first year. The expense of providing a pension of $200, without contributions, for persons 70 years of age and over in Massachusetts would, if all per-

[1] Prof. Henry R. Seager, article in "Charities and Commons," October 3, 1908.

sons of that age were included, be $21,000,000, as the present population over 70 years of age numbers 105,000. The expense of providing a pension of that amount for only one-half of the pensionable population 70 years of age and over, that is, 52,500 persons, would be $10,500,000. If the pensionable age were made 65, instead of 70, these figures would of course be greatly increased.

2. The non-contributory scheme is unjust in principle. It involves taxation of the rich for the benefit of the poor. It is class legislation. The Hon. W. E. H. Lecky declares: —

> There is no real ground for the assertion that because an industrious man has failed to earn a sufficiency, he has a moral right to be rewarded for his industry out of the proceeds of a tax levied upon his neighbors, to whom he has rendered no service, or none which has not been paid for in wages.[1]

3. The effect on individual character would be debilitating; the non-contributory scheme puts a premium on thriftlessness. Its adoption would be disastrous to the voluntary agencies for the encouragement of saving, such as the benefit orders. This argument has been forcefully stated by Mr. Frederick L. Hoffman, as follows: —

> A non-contributory old age pension scheme will not solve the problem of the dependent poor, and will not prevent an increase in the burden of real pauperism; but, on the contrary, it will undermine and tend to destroy the self-respecting character of our people as citizens of a democracy where economic independence, achieved by individual effort, self-sacrifice and self-denial, is, after all, the only aim worth while. However much we may be inclined to permit ourselves to be deceived by specious arguments of guesswork philanthropy into believing that the gift is to help the recipient and not to hinder, such gifts, with rare exceptions, are opposed to the principles of character-building and of character-maintenance throughout *all* the years which constitute the span of human life. . . . Hold out the prospect that such effort is not necessary, that earnings may be squandered for a thousand and one needless purposes, that restraint upon family expenditures is not required, and the most powerful incentive which makes for character and growth in a democracy is taken away. . . .

[1] Hon. W. E. H. Lecky, in "Old Age Pensions: Collection of Short Papers," 1903, p. 103.

State pensions in old age will not solve *the problem of poverty and pauperism,* or economic dependence; but, on the contrary, such pensions will materially undermine the thrift function at every period of life. English experience has been to the effect that the prospect of a government pension in old age has prevented large numbers from becoming subscribers to the voluntary superannuation funds of friendly societies; and there is no reason to suppose that the experience in this country would not be identical, and affect all the various lines of voluntary savings, investments and insurance.[1]

4. The effect on the family would be disintegrating. It would cause children to withdraw the support which they now give to aged parents. There would follow a general loosening and breaking of family ties.

Prof. Francis G. Peabody speaks as follows of this tendency: —

In many parts of New England, especially in rural districts, the family life is largely regulated by the proposed care of old age; that is to say, a man and wife raise a family of children, and as they grow old the son or daughter marries and takes the farm, and the son and his wife and the daughter and her husband all live with the old people. It is a New England system. The tendency of the pension system is likely to break up in some degree the dependency of family life, and lessen the self-respect of all New England citizens.[2]

Miss Alice L. Higgins, secretary of the Associated Charities of Boston, states this objection in the following words: —

The main question, however, to my mind, is the effect of a pension system on the health, character and unity of family life. I hope we are to continue to consider the family as the unit of society, and to me the most serious objection to the system is that it takes the individual as the unit instead of the family. We are all dependent in infancy and childhood. Why should not the State take care of us then? Because we are children in a family, belong to it, and our parents are responsible. When they fail in this normal responsibility, the State, through its private benevolence or public charitable arm, provides for these exceptional cases. In old age again we may be dependent; still, are we not members of a family? Is there not filial responsibility, and has it not been a factor in the development of the race? Where filial responsibility fails, or family responsibility, why

[1] Quarterly publications of the American Statistical Association, March, 1909; article, "State Pensions and Annuities in Old Age," by F. L. Hoffmann, pp. 367, 368, 386, 387.

[2] Prof. Francis G. Peabody, testimony before commission, 1908, p. 6.

should not private benevolence and public charity provide for the exceptions? Childhood cannot make provision for its dependency, obviously, yet that case is left to the family. In a society that has opened all the doors of opportunity to its members, old age can, in the main, be provided for by one's own industry and thrift, or in the care of one's children. The effect of such a pension system on children and grandchildren must be carefully weighed. The spirituality of family life can be interfered with only at peril to the nation.[1]

5. The grant of gratuitous subsidies to aged members of the working class would tend to lower the rate of wages. This would follow not merely through the direct competition of pensioned workers, who would be able to underbid the prevailing rate in the occupations in which they were engaged, but through the indirect influence of the prospect of a subsidy in old age, which would lead workers to accept less in regular wages than they would otherwise be disposed to demand. On this question the British Committee on Old Age Pensions, 1898, reported as follows: —

Will a State-aided pension system affect the wage rate? It must not be forgotten that the earnings of the workman dependent on wages have to provide for his support not only during the period of his actual employment, but also for his age when he is past work, and that this consideration affects the rate of his wages. But if the whole or a part of the cost of supporting him when past work is undertaken by the State, the portion of the wage applicable to this service ceases to be an essential; and, whenever the competition for employment is keen, the wage payment will tend to fall by a percentage approximating to that contributed by the State to the pension fund. The difficulty appears in a different form when the power of the aged to contribute to their means of support by light labor is considered. A man or woman subsidized by the grant of a State pension is in a position to underbid a competitor who has no resource but his or her actual earnings, or the rates. The difficulty is of very wide application, and cannot be disregarded in considering the effects of a State-aided pension system on the welfare of the industrial classes. To obviate the difficulty, an attempt might probably be made to prohibit all recipients of State-aided pensions from engaging in remunerative work of any kind. Such an attempt must assuredly fail; but, even if it could succeed, it would have the effect of creating

[1] Miss Alice L. Higgins, testimony before commission, September 25, 1908.

a compulsorily unoccupied class, with doubtful advantage to themselves or the community.[1]

The Hon. W. E. H. Lecky, who was a member of the British Committee on the Aged Deserving Poor of 1899, emphasized the unfavorable effect of gratuitous pensions on wages very strongly: —

All experience shows that where a pension is attached to a particular employment, the rate of wages in it is greatly below what would otherwise have been the market rate. It seems to me scarcely doubtful that a general pension system would have a similar effect. The German system of throwing part of the cost directly on the employer naturally leads him to make it his first object to reduce wages sufficiently to compensate him for the expenditure. Even if the influence of old age pensions in depressing wages was not directly felt in England in the earlier years of a working-class life, it would at least be felt indirectly in retarding their natural rise, and it would be directly and severely felt when the prime of life was past and the period of obtaining a pension drew near. The conditions of modern industry already press heavily on men between 55 and 65. It can hardly be doubted that an old age pension in prospect would during these years aggravate their condition. I have already dwelt upon the injustice of the proposals that have been made for depriving those who had attained a pension of the right of working for wages. If, on the other hand, they were permitted to do so, the pensioner could easily underbid his competitors in the market, especially those who were not greatly below him in age.[2]

Another opponent of the pension policy puts the wages argument tersely, as follows: —

The next point to be observed is that old age pensions, like every other form of relief, must act in supplementation of wages. It is impossible to divide the life of any human being into water-tight compartments of under 65 and over 65, or whatever the age limit fixed for the moment may be. If a man is relieved from the necessity of providing for his old age, he will inevitably in the long run be forced to take lower wages during his working life.[3]

6. The reduction in the expenditure for poor relief, predicted to follow upon the adoption of a pension system, would

[1] Report of British Committee on Old Age Pensions, 1898.
[2] Hon. W. E. H. Lecky, in "Old Age Pensions," p. 111.
[3] "Old Age Pensions," pp. 15, 16.

not be forthcoming. A British investigating committee of 1903 reported: —

> That the reduction of poor law expenditure will be considerably less than has often been represented, inasmuch as the proportion of the aged poor who are now, or may in future be, in the workhouses, who could with advantage to themselves live outside with the help of a pension, will probably be found to be very small.[1]

There is no evidence whatever that the adoption of a pension system has had this effect in any country in which the plan has been tried. On the other hand, the experience of the British Australasian colonies and of Denmark goes to show that the expenditure for poor relief increases under the pension policy.

7. The grant of pensions would give undesirable encouragement to immigration. This objection is urged as especially important in its bearing on the question of adopting the pension policy in any American State. It is held that the effect would be to invite immigration from outside the State, and thus to overcrowd the labor market and to depress the wage rate. The undesirable stimulus to immigration which a pension system would give was emphasized, in a communication to this commission by the treasurer of one of the leading manufacturing companies of the State, as the main reason for rejecting any such scheme. He wrote as follows: —

> I can understand how countries like England, Germany, Italy and perhaps some others might well adopt some plan such as you suggest, for the sake of trying to keep their working people at home; but I cannot conceive how any one can want to encourage the class of people that we are receiving in this country at the present time coming in in larger numbers, and, in fact, I think we should do something to discourage it. A pension plan is really for the benefit of this class of people and the encouragement of their coming.

8. The political effects of any non-contributory pension system would be mischievous; it would open the door to political favoritism of various sorts. There would be constant

[1] "Report of the Royal Commission on the Poor Laws and Relief of Distress," p. 167.

political pressure to increase the amount of pensions, to lower the age limit, to make the administration laxer. This political objection is set forth by Mr. John Graham Brooks as follows: —

> The British old age pension act of 1908 gives the local politicians a chance to call upon the vague sympathy of the community, and whatever doubts there may be about a man's age or income, they give him the pension. The local politician says: "Give it to him, the poor devil; never mind when he was born, — he is a friend of mine." That is the difficulty they are going to have in England, unless they get some means of correcting it.

Again, Mr. Brooks declares: —

> I should say that the condition of our politics is the first difficulty in the way of the working of a pension scheme. I need not waste any breath on that. You know precisely what this is, and we have no end of illustrations of the way that we pension off all sorts of persons in the army; while there are a large number of deserving, there are many thousands who are not, — and pensions are given on account of politics. I do not see how we can save any pension system in this country from running into politics.[1]

9. The constitutionality of a non-contributory pension scheme is extremely doubtful. It is highly questionable whether the constitutions of the American States, or the Constitution of the United States, would allow the expenditure of money raised by general taxation for the payment of pensions to aged persons. There would seem to be only three grounds upon which such payment might be clearly justified in its constitutional aspects, namely: first, as a reward for conspicuous services to the State; second, as a measure of pauper relief: third, as compensation for work done. It is difficult to justify a proposal of non-contributory pensions on any one or all of these grounds. Such a scheme, therefore, appears to be gravely objectionable from a constitutional view-point, as calling for an expenditure of public moneys that could not easily be defended on any recognized principle. The non-contributory pensions now paid to firemen, policemen and teachers in many cities find some measure of justification

[1] John Graham Brooks, testimony before commission, November 27, 1908.

in the fact that persons in these employments are not only rendering peculiarly hazardous or meritorious services to society, but also have deprived themselves of the full opportunity of earning the largest returns for their services in a competitive way, and consequently may have some claim upon the State for special consideration in the matter of public support in old age. This claim, however, cannot exist in the case of persons employed in the ordinary competitive callings.

**(b) The Question of Voluntary versus Compulsory Insurance.**

In favor of compulsion, it is argued that only by this means can the application of the scheme be made general and effective. Compulsion is held to be absolutely essential if the pension plan is to reach the class that stands most in need of special provision for old age. Any voluntary system, it is argued, would break down in practice. No one has put this argument more forcibly than the late Prof. A. Shaeffle: —

> Experience has everywhere demonstrated that the great mass of those workingmen who are poorly off will not voluntarily insure themselves. Furthermore, the great majority of those who would like to do so cannot, on account of the smallness of their earnings. In other words, it is exactly that class which is most in need of insurance that either will not or cannot avail themselves of this device. This is the fundamental weakness of voluntary insurance. It fails to reach the class most in need of it. Obligatory insurance, and obligatory insurance alone, by making the support of insurance an indispensable item of the family budget, will act upon wages in such a way as to raise its standard, which increased expenditure will be shifted upon the cost of production and prices, and thus make a general industrial condition, to be borne without any appreciable hardship.[1]

Attention is also called to the fact that the German plan of workingmen's insurance, which has been pronounced by various investigators and observers to be the most successful scheme of old age provision now in operation, is compulsory.

In opposition to the compulsory principle, various arguments are urged: —

[1] Quoted by W. F. Willoughby, "Workingmen's Insurance," pp. 338, 339.

1. Any enforced scheme of State insurance is paternalizing and enervating in its influence on the character of the people. Compulsion is declared to be incompatible with the maintenance of a vigorous spirit of independence and self-reliance throughout the population. Individual responsibility in the matter of provision for old age is held to exert a healthy tonic and educative effect on the individual. President A. T. Hadley of Yale University has said, in criticism of compulsory insurance for workingmen: —

> We need measures which shall increase individual responsibility, rather than diminish it; measures which shall give us more self-reliance, and less reliance on society as a whole. We cannot afford to countenance a system of morals or law which justifies the individual in looking to the community rather than to himself for support in age or infirmity.[1]

2. In particular, it is contended that the compulsory principle is contrary to the American spirit of self-supporting and self-respecting independence. Any scheme based upon this principle would be intolerable to American citizens. Similarly, the natural distaste of Englishmen for compulsion of any sort led to the rejection of all plans of compulsory insurance proposed in that country. There seems to have been a general feeling that "no government would stand that attempted to carry such a measure."[2]

3. A practical difficulty also is emphasized. The application of the compulsory principle in the case of persons who are irregularly employed, as well as in the case of those who are their own employers, would be extremely difficult. Said Mr. Joseph Chamberlain: —

> I have never seen how you could apply compulsion to any but persons who are in regular employment. It is very easy in their case to deduct their contributions from their wages through the employers; but in the case of persons who are their own employers, or who are in casual employment, — a very large part of the population, — I have never seen that it would be possible to apply this compulsory provision.[3]

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[1] A. T. Hadley, "Economics," p. 63.

[2] Statement of R. P. Hardy, actuary, before Committee on Old Age Pensions, 1898. Report, p. 156.

[3] Quoted by W. Sutherland, "Old Age Pensions," p. 10.

4. As in the case of the non-contributory principle, a constitutional objection is also raised. The proposal of compulsory insurance involves the constitutionality of a law obliging wage earners to set aside a certain percentage of their earnings to provide annuities for themselves in old age. This scheme is of doubtful constitutionality. If it could be shown that the purpose of the compulsion, or the effect, would be to diminish pauperism and protect the State against the burden of old age dependency, then such exercise of compulsion might conceivably be justified as a preventive measure of poor relief. This consideration seems to be the only one that could be consistently urged in constitutional defence of compulsory insurance. There is, at least, a reasonable doubt whether this consideration would be held by the courts to justify a compulsory insurance statute.

**(c) The Question of Universal versus Partial Schemes.**

The main arguments for a universal pension scheme are these: —

1. It would remove entirely the odium or the stigma now attaching to pauperism. If pensions were offered to all aged persons without discrimination, the acceptance of a pension would not be regarded as a badge of dependency or delinquency; the pensioners would be entirely respectable. Mr. Charles Booth remarks that the essential characteristic of pauper relief as now administered is that the benefit is granted to the destitute because of their destitution.

> It is this selection, with its form of application and the inquiries it involves, that brings loss of independence and of dignity and a feeling of disgrace. Herein lies the stigma of pauperism. Benefits which all may enjoy carry with them no slur. Educational endowments as enjoyed by the rich, free elementary education as bestowed upon the poorer classes, the facilities offered by free libraries, etc., are cases in point. Pensions open to all and paid for out of taxation would have nothing, either morally or economically, in common with pauperism.[1]

[1] Charles Booth, "The Aged Poor; a Proposal," p. 56.

Similarly, in another connection, Mr. Booth declares: —

> To select the poor is to pauperize; to select the deserving is to patronize; to do either is to humiliate.[1]

2. The administration would be easy. It would not be necessary to lay down complicated conditions of eligibility. The plan would involve no inquisitorial examination into the circumstances of the beneficiaries. This alleged advantage of a universal scheme is stated by W. Sutherland in these words: —

> One of the lesser merits of a universal scheme is that its cost of administration would be small. It is the least inquisitorial of schemes; and the less inquisitorial a pension scheme, the cheaper its administration. There are people who are not opposed to an economical pension system, but who shrink from giving support to any scheme which involves a large expenditure on administration. Some of them go so far as to suggest that they object more to every penny that is spent on administration than to every pound that is distributed in pensions.[2]

3. The whole scheme is simple and intelligible. There are no intricate and troublesome details to master. Here again Mr. Sutherland observes: —

> A universal scheme is easily understood; it is logical, and it treats all the aged population alike. Of the many reasons for which it is admirable, none, perhaps, is more speedily appreciated by the men who read, or write, or speak, than the ease with which it can be expounded and defended. Like the doctrine of original sin, it is sympathetically received by almost any audience, and is even more sympathetically expounded by the average speaker.[3]

Against the universal principle numerous objections are brought: —

The expense would be tremendous. This objection was vigorously urged against schemes of non-contributory universal pensions proposed in England: —

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[1] Charles Booth, "Pauperism and the Endowment of Old Age," p. 237.
[2] W. Sutherland, "Old Age Pensions," p. 49.
[3] *Ibid.*, pp. 41, 42.

The cost would be an insuperable difficulty, for to grant 5s. a week at age 65, in respect of the population in England and Wales only, would involve about £20,000,000 per annum for the present recipients, and by 1941 the figures would have risen to £36,000,000.[1]

Mr. Charles Booth himself estimated the cost of his scheme of providing a pension of 7s. a week for every person over 70 years of age in the United Kingdom at £16,000,000 for the year 1900.[2] The cost of a universal pension system in Massachusetts, providing a pension of $100 per year for every person 70 years of age or over, would be $10,500,000.

2. The grant of pensions to the well-to-do and wealthy would involve needless and wasteful expenditure of public moneys. It is regarded as absurd to give a pension to the man who has an adequate income. Mr. Sutherland writes: —

The universal scheme is the most costly of all the pension schemes, and should therefore be one of the last to be considered feasible. It confers pensions on people who do not need them, which is bad in policy and wasteful in practice. Universal pensions are really doles or largess distributed by the State on no principle of justice, but indiscriminately, without any check on the persons benefited or on the sums which they will ultimately receive as pensions. To become qualified for a pension, a person has to do nothing but to grow old.[3]

3. The inclusion of criminals and paupers within the pensionable population is indefensible on any ground of individual desert or public policy. Such persons clearly have no claim to a pension, whatever may be true of the deserving and respectable aged poor. Moreover, the policy of pensioning the industrious and the thriftless, the sober and the intemperate, the deserving and the undeserving, indiscriminately, would be in the highest degree pauperizing and demoralizing. It would put a premium upon thriftlessness and dependency. Mr. Lecky has well said, in this connection: —

The universal endowment of all aged persons . . . would impose upon the nation a perpetual tax . . . an obligation from which, if

[1] "Old Age Pensions: a Collection of Short Papers," p. 9.
[2] Charles Booth, "The Aged Poor," p. 54.
[3] W. Sutherland, "Old Age Pensions," p. 50.

once undertaken, it would be impossible to recede without producing a terrible catastrophe, . . . and it would do so in order to attain an end which would probably be much more mischievous than the reverse. I can hardly conceive anything more certain to discourage thrift and to sap the robuster qualities of the English people than that the belief should grow up among the whole working population, including the most industrious, the most respectable and the most independent, that they should look forward to the State, and not to their own exertions, to support them during their old age.[1]

### 3. The Wages Question and the Pension Problem.

The question of wages and the cost of living arises in any consideration of proposals of old age pensions or insurance. In the issue between contributory and non-contributory systems this question has been warmly debated. Advocates of non-contributory pensions hold that wage earners, as a class, do not receive enough pay to enable them to save for old age or to contribute to pension or insurance funds. They argue that it would be useless to institute any voluntary contributory system, since the workers could not take advantage of its permissive provisions; nor, on the other hand, would a compulsory contributory system be practicable, for the reason that the enforced payment of contributions would trench upon the necessary expenditures for living, and would thus inflict hardship on the wage earners. The contention is that, in the absence of a living wage, a contributory pension or insurance system is impossible; if there is to be any system of old age provision at all, it must be non-contributory. On the other hand, the claim is made by the advocates of contributory pension or insurance schemes that wage earners, as a class, do receive a living wage. It is contended, accordingly, that the beneficiaries of the pension or insurance funds are able to support the system by their own contributions, and ought, in justice to other tax payers, to assume this reasonable assessment upon their wages. It is further contended by those who take this view that the establishment of non-contributory pensions would have the effect of depressing the rate of wages to a point below the level of an adequate living wage,

[1] W. E. H. Lecky, "Old Age Pensions," p. 103.

and would thus injure, rather than benefit, the members of the working class. Thus arise two questions: First, what is a living wage? Second, do workers as a class receive a living wage?

The living wage may be broadly defined as a wage adequate to provide maintenance for a family of five persons in reasonable comfort, according to the prevailing standard of living, and to enable the wage earner to provide by saving for the emergencies of life, including sickness, accident, invalidity and old age.

The question as to what rate of pay constitutes such a living wage, expressed in dollars and cents, cannot be answered definitely for the wage earners of a whole State. There are too many variable factors which enter into the problem of fixing a mathematical estimate of a living wage: first, the standards of living and spending vary considerably for different groups of the population and different sections of the State; second, rents and prices are by no means uniform throughout the State; third, prices also fluctuate from year to year, so that an amount sufficient for comfortable living at one time would be quite inadequate at another; fourth, the ability to economize and manage household expenses skilfully differs widely with different families.

While it is thus impossible to set down any precise amount as constituting a living wage for the working class of a whole State, it is possible to fix a minimum amount below which it may be affirmed with reasonable certainty that an American family cannot maintain itself in decent circumstances. There is a tolerable agreement among investigators and observers that such a minimum wage for an average family of five persons may be set at about $600 a year, or $12 a week. Prof. J. A. Ryan, in his study of "A Living Wage," lays down the following conclusions on this question: —

First, anything *less* than $600 per year is *not* a living wage in any of the cities of the United States; second, this sum is *probably* a living wage in those cities of the southern States in which fuel, clothing, food and some other items of expenditure are cheaper than in the north; third, it is *possibly* a living wage in the moderately

sized cities of the west, north and east; and, fourth, in some of the largest cities of the last-named regions it is certainly *not* a living wage.[1]

This estimate of a scientific investigator is confirmed by the opinion of a practical observer and competent representative of organized labor, Mr. John Mitchell, who regards $600 a year as the minimum living wage according to the American standard. He writes: —

> It is, of course, true that this estimate applies more exactly to workmen in towns of from 5,000 to 100,000 inhabitants than it does to other places. In speaking of $600 for unskilled workmen, I do not mean to include farm hands or men of rural communities, where the cost of living is less and the standard of living is not so high. On the other hand, in cities of over 100,000, and especially in cities of over 500,000, $600 would, in my opinion, be insufficient to maintain this standard for unskilled workingmen. This is more especially true of the city of New York, where the cost of maintaining a fair standard of living would be much greater, owing to excessive rents, and where the ideal of a separate small house for the workman must itself be given up. For the great mass of unskilled workmen, however, residing in towns and cities with a population of from 5,000 to 100,000, the fair wage, a wage consistent with American standards of living should not be less than $600 a year.[2]

Again, the United States Bureau of Statistics of Labor presented, in its seventh annual report, itemized statements of the average cost of living for one year of 2,132 families, in the cotton industry of the United States, the average size of these families being 5.7. The total average family expenditure was $610.61. Some of the families did not, however, spend anything for certain purposes regarded as necessary to a normal living standard. The report estimates on the basis of the returns that the normal average for all purposes should be $687.02.[3]

Further, the report of a special committee on the standard of living, of the New York Conference of Charities and Cor-

[1] J. A. Ryan, "A Living Wage," p. 150.

[2] John Mitchell, "Organized Labor," pp. 117, 118; compare also E. T. Devine, "Principles of Relief," p. 35; Robert Hunter, "Poverty," pp. 51, *et seq.*; F. W. Lewis, "State Insurance," pp. 10, 11.

[3] Seventh annual report, United States Commissioner of Labor, 1891, pp. 1678–1682.

rection, 1907, made a somewhat higher estimate for New York City. The main conclusion of this committee was that "$825 is sufficient for the average family of five individuals, comprising the father, mother and three children under 14 years of age, to maintain a fairly proper standard of living in the borough of Manhattan."[1] Concerning lower incomes, the committee concludes that an income of between $700 and $800 will enable a family barely to support itself, provided that it is subject to no extraordinary expenditures by reason of sickness, death or untoward circumstances; that is, such an income would not provide at all for saving. An income of $600 to $700 is declared to be wholly inadequate to maintain the proper standard of living, and no self-respecting family should be asked or expected to live on such an income.

The latest estimate of a normal living standard is that given by Prof. R. C. Chapin, in his study of the standard of living in New York City, prepared for the Russell Sage Foundation. The study covered exhaustively 391 typical working-class families in New York City. The chief conclusion is that an "income of $900 or over probably permits the maintenance of a normal standard, at least so far as physical man is concerned."[2] As for the lower incomes, the conclusion of this investigator is that, while some saving in families with incomes of $600 and $700 does take place, it is relatively infrequent till the $800 line is reached.[3]

The estimates of the committee of the New York Conference of Charities and Correction and of the Russell Sage investigator are based upon standards of living and spending in New York City, and are thus obviously too high for the country at large. The estimate of $900 would undoubtedly have to be reduced considerably, even in the case of Boston, as rents and prices are, as is well known, somewhat lower in the latter city than in New York. For the other cities in Massachusetts and for the country districts the New York estimate would have to be reduced considerably. On the

[1] The report of this committee is printed in R. C. Chapin, "The Standard of Living in New York City," published by the Russell Sage Foundation, Appendix 2.

[2] R. C. Chapin, "Standard of Living," etc., p. 246.

[3] *Ibid.*, p. 233.

whole, it seems reasonable to take the figure of $600 a year as representing the lowest amount that can be regarded as a living wage for a working class family. Clearly, wages below this line cannot be sufficient to provide properly for the current living expenses and for the necessary family saving. The fact may be noted in this connection that the average of the total weekly expenditures of 184 non-dependent families enumerated in the statistical investigation conducted by this commission was $12.

While it is thus extremely difficult to answer the preliminary question as to what constitutes a living wage, it is practically impossible to answer the further question as to whether the wage earners as a class now receive a living wage. The data required to determine this point conclusively are not available. Such wage statistics as are to be had for the United States and for this Commonwealth do not afford a basis for a decisive pronouncement on the question under consideration; they merely serve to indicate broadly the general level of wages.

For Massachusetts, statistics of wages are given in the annual reports on the "Statistics of Manufactures," issued by the State Bureau of Statistics. The report for 1908 shows that the average yearly earnings for 575,997 wage earners reported as employed in manufacturing industries throughout the State were $510.71. The report groups wage earners in three classes, according to the amount of the weekly wages, namely: first, the high-wage class, consisting of wage earners paid $12 a week and over; second, the medium-wage class, those paid from $8 to $12; third, the low-wage class, those receiving less than $8. Taking the whole body of wage earners, we find that, of the 575,997 workers for whom returns were received, 182,496, or 31.68 per cent., were in the high-wage class; 206,723, or 35.89 per cent., in the medium-wage class; and 186,778, or 32.43 per cent., in the low-wage class.

The general averages of weekly wages or of yearly earnings, based on returns for all workers, — male and female, adult and minor, — do not, however, afford a fair basis for determining the proportion of wage earners actually in receipt of a living wage. If $600 be taken as representing the

minimum living wage for a workingman with a family of five, then clearly the living wage for minors, for women, for unmarried adults and for married adults with small families, is somewhat lower than this amount. Consequently, general averages that include not only the wages of married adults, but also of unmarried adults, of women and of minors, do not afford a satisfactory basis for drawing conclusions regarding the proportion of the workers receiving a living wage. It is evident that we can reach a nearer approximation to the true condition if, instead of taking all workers in a mass, we select merely the adult males as a basis for estimating the proportion of adequately paid workers.

The figures of weekly wages of adult males in the report on the "Statistics of Manufactures" for 1908 show that out of a total of 371,156 adult males for whom returns were made, 48.35 per cent. were in the high-wage class, 38.39 per cent. were in the medium-wage class; only 13.26 per cent. were in the low-wage class. This showing is naturally more favorable than that for the whole body of workers. From the wage returns given in the report for 1907 it is possible to determine the percentages of adult male workers in receipt, respectively, of $12 and more weekly wages, and $10 and more weekly wages, in leading industries of the State. The following table shows such percentages for twelve industries, selected as employing the largest numbers of workers. Out of a total of 604,390 persons employed in the industries covered by the report, 420,148 were employed in the selected twelve industries.

Classified Weekly Wages for Adult Male Workers in Twelve Leading Industries.

| Industries. | No. Adult Males employed. | Per Cent. receiving $12 or More. | Per Cent. receiving $10 or More. |
|---|---|---|---|
| 1. Boots and shoes, | 56,365 | 62.78 | 75.72 |
| 2. Carpetings, | 2,965 | 39.19 | 53.53 |
| 3. Cotton goods, | 48,047 | 28.31 | 46.93 |
| 4. Electric apparatus and appliances, | 10,310 | 66.56 | 80.05 |
| 5. Food preparations, | 9,268 | 52.12 | 74.03 |
| 6. Leather, | 11,493 | 31.44 | 59.63 |
| 7. Machines and machinery, | 42,962 | 51.81 | 68.41 |
| 8. Metals and metallic goods, | 28,104 | 53.49 | 71.49 |
| 9. Paper, | 8,845 | 35.92 | 60.93 |
| 10. Rubber and elastics, | 8,965 | 38.22 | 62.48 |
| 11. Woolen goods, | 16,326 | 26.54 | 44.38 |
| 12. Worsted goods, | 13,429 | 33.62 | 51.12 |

The foregoing figures throw some light on the question as to what proportion of the wage earners of the State are in receipt of a living wage. It should be borne in mind, however, that definite conclusions on this question, as has been pointed out, are extremely hazardous. The figures that have been cited are given merely as indicating the conditions with respect to wage rates in this State, not as settling conclusively the question as to whether wage earners as a class now receive a living wage.

Another question that calls for consideration in this connection is the probable effect of any pension or insurance system upon the rate of wages. The assertion has been made that the payments to pension or insurance funds must all come out of wages in the long run, even if in the first instance they are contributed partly or wholly by the employers or by the State. The theory is that competition in the labor market will, in the end, reduce wages by an amount equivalent to the pension or insurance subsidy from employers or State. The case of (1) contributions to pension or

insurance funds by employers and that of (2) contributions by the State are somewhat different, and should be considered separately.

The view that the burden of employers' contributions will be shifted on the workingman by reduction of wages is thus stated by President A. T. Hadley of Yale: —

> The payments to the insurance funds must chiefly, if not wholly, come out of wages. Even though they be nominally levied on the employer, he is compelled by competition with other employers not subject to this levy to reduce in corresponding degree the wages he pays. If the workman receives less wages, he must either consume less or save less. So far as he economizes on useless articles of consumption, the insurance fund thus created represents a positive gain to the community, providing for the workman's support in the future without causing any corresponding general loss or drain in the present. But if he economizes on articles that are necessary or useful to his well-being or that of his family, he lessens his own labor power and that of his children, and diminishes rather than increases the general ability of the community for maintaining the necessary burdens of poor relief. If, finally, he makes these payments out of money that he otherwise would have saved, he transfers the provision for his support from his own shoulders to that of a public organization. He becomes less self-supporting.[1]

This argument that payments to pension or insurance funds by employers, however levied in the first instance, must come out of wages, since employers subject to the insurance levy will be forced by competition with other employers not thus burdened to reduce the wages paid to their workers, is based on the assumption that the employers who have to pay pension or insurance contributions are in all cases actually subject to such competition. This would probably hold true of any American State adopting an insurance system like the German. The tendency would be to reduction of wages, as argued by President Hadley. In Germany, however, the rate of wages has actually risen instead of fallen since the introduction of compulsory old age insurance. There the cost has certainly not come out of wages in any large part. The burden of supporting the insurance system has been divided be-

[1] A. T. Hadley, "Economics," pp. 60, 61.

tween the State, the employer and the employed, — in what proportion it is impossible to state exactly.

In determining the likelihood of reduction of wages under the operation of a pension or insurance system, supported wholly or partly by contributions from employers, account must be taken of the social conditions of the wage earners, particularly the education and the organization of the working class, and of the state of public opinion as affecting the ability of the class to resist pressure on the wage rate. It must further be considered whether any increase of efficiency on the part of labor may be expected to result from the pension or insurance system, as an offset of any tendency toward reduction of wages. In general, however, it must be recognized that the effect on wages of any pension or insurance system supported wholly or partly by assessments on employers would probably be unfavorable, especially if the system were established in one American State, since most branches of industry are subject to interstate competition.

The grant of pension or insurance subsidies by the State would tend to bring about a reduction of wages in various ways: —

*First.* — The effect of a subsidized pension or insurance system in any State would be to attract wage earners from outside, and thus to crowd the labor market, at least for a time. Even if a period of residence were required as a condition for participation in the pension or insurance system, its existence would nevertheless operate to some extent as an inducement to workers to take up their residence in the State. This result could hardly fail to react unfavorably upon the wage rate.

*Second.* — There is the direct competition of the pensioned aged workers. Clearly, if a part of the workers in any employment are pensioned by the State, they can, if they choose, underbid their competitors who are not in receipt of such aid. The force of this argument depends largely upon the age at which pensions are granted, and the amount of the pension given. The argument would have much force in the case of a pension system that provided liberal pensions at an early age. Obviously, a pension of $500 a year to all workers over

50 years of age would affect the rate of wages most unfavorably in the manner described. If the pensionable age, however, were fixed at 70, the liability of depression of the wage rate through the competition of the pensioned workers would not be considerable, especially if the amount of the pension were small, as in the existing pension schemes of European countries. This direct competition of the pensioned workers is practically a negligible factor, so far as the existing systems of old age insurance and pensions are concerned.

*Third.* — There is the reflex competition created by the pension system, as it may be termed. This is the influence of the prospect of a State subsidy in old age in relation to the wage requirements of adult workers in general. If the State guaranteed gratuitous pensions for old age, this fact would doubtless be taken into account generally by adult workers, and the rate of wages which they would demand or require would be reduced correspondingly. That is to say, the prospect of a State subsidy would reduce the need of individual saving; wage earners, not being under the necessity of making full provision for old age, could afford to work for less wages. In short, the amount of the pension would be discounted in advance by the workers in their competition for employment.

*Fourth.* — There is, finally, the effect of the tax burden imposed by the pension system, in its distribution throughout the population. The taxes to defray the expenses of a non-contributory pension system, or of a subsidized pension or insurance scheme, would, in the first instance, fall largely upon the industries of any State adopting such a plan. It is clear that manufacturers would make an effort to shift this burden, so far as possible, upon consumers or upon employees, in the form of higher prices or lower wages, respectively. The former course would be practically impossible in the case of industries subject to interstate competition. The tendency then would be to reduce wages. Here, again, the social condition of the working class and the state of public opinion must be taken into account in determining the extent to which this result actually would be likely to follow.

The liability of a depression of wages through indirect

competition, as it has been termed, appears to be the chief consideration here. Of course, the extent of the reduction of wages that might be produced through this influence would depend upon the provisions of the pension system, especially upon the amount of the pension and the conditions of eligibility. It is clear, for example, that if large pensions were provided for all aged persons, without any restriction whatever as to eligibility, the effect must be to lower wages in a marked degree. With pensions of small amount and stringent conditions of administration, the effect upon wages would be less marked; but even then the existence of pensions would doubtless operate as a barrier to advance of wages which the working class might otherwise obtain. It is to be feared, therefore, that the establishment of a subsidized pension or insurance system would stand in the way of realization of the ideal of an adequate living wage. If the State undertakes to support aged workers in whole or in part, the effect must be to lower proportionately the actual or potential rate of wages in the pensioning State.

### 4. Old Age Pensions and Poor Relief.

One of the main arguments urged in favor of a pension system is that it would eliminate altogether, or reduce greatly, the expenditure for poor relief. The contention is that if adequate pensions for aged persons are provided by the State, almshouses and almsgiving will become superfluous. Some of the more enthusiastic supporters of old age pensions go so far as to advance the opinion or to encourage the expectation that the establishment of a pension system would abolish the poorhouse. This idea finds expression in the title of an article on European pension systems, published in a popular magazine in 1908: "The Passing of the Poorhouse." Other less extreme advocates of pensions merely argue that a pension system would take a large number of inmates out of the poorhouses and put them back in their homes, and would, in general, greatly reduce the outlay for poor relief.

The opinion that an old age pension system would diminish the almshouse population to such an extent as to pay for

the cost of pensions was set forth by the late Dr. Edward Everett Hale in the concluding paragraph of a pamphlet on "Old Age Pensions." He wrote: —

As matters stand, the managers of asylums, whether for the poor or perhaps for the blind or the insane or other invalids, are always at their wit's ends to know what they shall do with the aged people who are crowded upon them. The almshouses of towns and counties are filled in the same way. Now, all these people are better cared for in the homes of old neighbors or old friends, very possibly of sons or of daughters, who would receive them and take charge of them humanely, if they could receive a little ready money for the extra expense. As society organizes itself, a very little money goes a great way in the average household of an American. The moment that it appears that a grandfather or a grandmother has $100 a year to his good, that moment we shall find that the burden thrown upon the State and town in their asylums is reduced by a larger proportion than by the charge made by the pensions upon the treasury. Thus the pension system has the great advantage that it maintains life in homes, and that it abates the necessity for great institutions or asylums.

The more radical opinion that a pension system would eliminate the necessity of any expenditure whatever for poor relief was put forward in a report on old age pensions issued by the Massachusetts Bureau of Statistics of Labor, under the direction of the former chief of the Bureau, Mr. Charles Felton Pidgin. This report aimed to prove statistically that the establishment of a pension system providing $260 a year for all persons over 65 years of age who made application for such pensions would do away with the necessity of poor relief. The report stated: —

If this plan were adopted cities, towns, individuals and corporation societies would be free from collecting and distributing money for charitable purposes.[1]

On the assumption that all expenditure for charitable purposes would be abolished by the institution of a pension system, it was estimated that over $2,000,000 per year would be saved through the adoption of such a system in the State.

[1] See report, Massachusetts Bureau of Statistics of Labor, 1905, p. 144.

This calculation, it may be noted in passing, was based upon the remarkable assumption that only one person out of five eligible for pensions would make application.

This reasoning as to the economy of a pension system through reduction of ordinary expenditure for poor relief finds no support in the experience of States that have established pension systems. On the contrary, the evidence of such experience shows that the cost of poor relief certainly does not diminish and in some countries actually increases after the adoption of a pension system. The experience of Denmark, New Zealand and Germany in this respect is most instructive.

In Denmark the establishment of the old age pension system in 1891 was followed by a reduction in the expenditure for poor relief during the first few years of its operation. After 1896, however, there set in an increase in the cost of poor relief, which continued up to 1907, the last year for which the figures of poor relief expenditure could be obtained. The amount expended in the latter year was larger by more than one-third than the total for 1896. At the same time the number of beneficiaries of the old age pension fund has increased rapidly at a rate exceeding that of the growth of population, and the expenditure for pensions has risen in even greater proportion.[1]

In New Zealand the effect of the pension act on expenditure for poor relief has been to reduce somewhat the amount of expenditure on outdoor relief. On the other hand, the cost of indoor relief has risen notably since the pension scheme went into operation. The net outcome has been a considerable increase of the total outlay on poor relief. The treasurer of the colony of Victoria states that the introduction of the old age pension system has had no appreciable effect on the charitable institutions of that State. The Australian Royal Commission of 1905 expressed the opinion that the adoption of the pension systems in New South Wales and in Victoria had not appreciably lowered the amounts voted for charitable purposes by the governments of those colonies.[2]

In Germany the burden of poor relief has not been light-

[1] See p. 101. [2] See p. 112.

ened by the establishment of the compulsory insurance system. Evidence and testimony on this point are presented elsewhere in this report.[1] It cannot, however, be statistically demonstrated that expenditure for poor relief has positively increased since the institution of the compulsory insurance system. In short, conclusive statistical evidence as to the financial effects of compulsory insurance upon poor relief in Germany cannot be produced. The fact that the burden of poor relief has not been reduced appreciably is sufficient, however, to disprove the claims put forward by the more enthusiastic supporters of the pension policy.

Such facts and figures as are available completely discredit the popular notion that the adoption of a pension system would mean the passing of the poorhouse. Whatever benefits a pension system might or might not bring, it would not do away with almshouses and almsgiving. That is one definite conclusion that may be drawn from foreign experience with pension systems.

The conclusions of the various committees which have studied the subject of old age pensions in Great Britain are significant in this connection. There is general agreement in the reports of these committees that the expenditure for indoor relief would be practically unaffected by the adoption of a pension system. The first Royal Commission on the Aged Poor, which reported in 1895, remarked that, "except in crowded urban areas, the great majority of aged poor in receipt of relief are given outdoor relief, while those receiving indoor relief are usually persons for whom it is necessary, for substantial reasons.[2] Again, the Select Committee on Aged Deserving Poor in 1899 reported that "the evidence is clear that the majority of the inmates of the home are in that position because of sickness or infirmity, which obliges them to accept the shelter of such an institution."[3] Finally, the Select Committee on the Aged Pensioners' Bill, 1903, made inquiries in 21 poor law unions, which showed, in brief, that only 14 per cent. of almshouse inmates over 65 years of age could live on a pension outside the institution with relatives

[1] See pp. 83 *et seq.*

[2] Report of the commission, paragraph 47.

[3] Report of the committee, paragraph 11.

who had suitable accommodation for them, and that only 10 per cent. were willing to do so. It is clear that the withdrawal of 10 per cent. of the almshouse population would leave the expenditure on indoor relief, except in respect to actual food and clothing, substantially unchanged. The committee reported that "the reduction in poor law expenditure will be considerably less than has often been represented, inasmuch as the proportion of the aged poor who are now or may in the future be in the workhouse, who could with advantage to themselves live outside with the aid of a pension, will probably be found to be very small."[1]

The British investigating committees concluded, therefore, that the only appreciable saving in poor law expenditure would be in that part relating to outdoor relief. To what extent saving could be effected here depends upon the provisions of the pension system. Under pension schemes of wide scope, without disqualification on account of receipt of poor relief, the saving in the cost of outdoor relief would be immediate and might be considerable. Under pension schemes of a restricted character, with numerous conditions of eligibility for a pension, the saving in the cost of poor relief could hardly be expected to amount to much. The present British pension act has been in operation too short a time to furnish any evidence bearing on this question. It is highly significant, however, that the burden of indoor pauperism has increased in Great Britain since 1890. The Royal Commission on the Aged Poor report in 1909 called attention to this fact, and did not hesitate to attribute the increase in some measure to the agitation for old age pensions, culminating in the enactment of the pension act of 1908.[2]

It is not difficult to understand why poor relief expenditure has not diminished, but, on the contrary, has rather increased in countries having pension systems. A little reflection shows that this result was one naturally to be expected. In the first place, a pension system hardly touches the mass of the almshouse population. The majority of inmates of pauper institutions are there not because of poverty

[1] Report of the committee, paragraph 9.
[2] See p. 307.

alone, but because of disease, infirmity or affliction, which necessitates institutional residence. The grant of a pension will not take such persons out of the institutions. It appears, for example, that about 92 per cent. of the aged almshouse population in this State are incapacitated in whole or in part. This incapacity is found to be a result of sickness in 71 per cent. of the cases, of accident in 15 per cent., and of "Old Age" in 32 per cent. Furthermore, it appears that less than 8 per cent. of the aged almshouse inmates have relatives living who are able or willing to help support them. These facts go to show that the establishment of a pension system in this State would not result in any considerable reduction of the almshouse population. In the second place, the more liberal policy of dealing with the aged under a general pension system reacts also on the methods of pauper relief. The effect is to promote larger expenditure for charitable purposes. The pension system sets the pace for a more generous administration of the poor laws. Finally, the tendency of a pension system is to cultivate in the population at large a disposition to rely upon the State, and to take advantage of opportunities of public assistance to the utmost degree. The individual relaxes his efforts to make provision for himself. The spirit of self-reliance, self-support and self-respect tends to decline. This psychological factor undoubtedly has something to do with the increase of poor law expenditure which is observable in some of the countries having pension systems. Mr. C. S. Loch, secretary of the London Charity Organization Society, in commenting upon the recent tendency of pauperism to increase in Great Britain, remarks: —

> The evidence is ample that it is due to that public opinion which of late years has minimized the evils of State dependence and the responsibilities of family obligation, and has advocated schemes for old age pensions and other measures that cannot but tend to weaken the sense of social duty and lower the standard of personal independence in the community.[1]

[1] "Old Age Pensions: a collection of Short Papers," p. 155

## VI.

## COST OF VARIOUS PENSION SCHEMES AS APPLIED IN MASSACHUSETTS.

The instructions of the commission require it to report statistics showing the probable expense to the Commonwealth of the various systems considered, and of any system that may be recommended for adoption. It is difficult to present accurate statistical estimates of the cost of operating in this State pension schemes that have been tried in other countries, in which the conditions as regards the standard of living and spending, the amount of old age dependency and the economic status of the aged population are very different from those in this Commonwealth. No one can tell precisely how much any pension system would cost until it has been put into actual operation. The preliminary estimates of cost prepared carefully by British investigating commissions and official authorities all fell far short of the actual expense entailed by the old age pension act of 1908. The estimates here presented of the probable expense to this Commonwealth of operating various pension systems are offered only as indicating the approximate cost of the different systems. The expense of administering the pension or insurance system is not included in the following estimates. This would probably amount to an additional 5 per cent. on the cost of any scheme as here given.

### (a) Cost of Universal Non-contributory Schemes.

The scheme proposed by Charles Booth, in England, calls for pensions of 7s. ($1.75) weekly, or £18 4s. ($91) per year, for every person 70 years of age and over. The number of persons of that age in Massachusetts in 1910 is estimated at 105,000. To provide pensions at $91 per year for

that number of persons would cost $9,555,000 annually. If the scheme were extended to apply to all persons 65 years of age and over, the cost would be nearly doubled. The total number of persons of that age in 1910 is estimated at 177,000. The total cost of pensioning that number of persons, at the rate of $91, would be $16,107,000 annually.

The universal non-contributory scheme proposed by the late Dr. Edward Everett Hale would cost somewhat more than Mr. Booth's plan. The scheme proposes pensions of $100 a year for all persons over 69 years of age; that is, 70 years of age and over. Dr. Hale himself estimated the cost of his scheme as follows: "If we paid $100 to every citizen, man and woman, over 69 years of age, we should have to pay about $125,000." He was of the opinion that a poll tax of $2 would yield an amount entirely adequate to finance his pension scheme. The number of persons over 69 years of age in the State is estimated at 105,000 for 1910. The cost of pensioning that number of persons at the rate of $100 per year would be $10,500,000 annually, or nearly ninety times as much as the estimate given by Dr. Hale. The cost of the scheme, if applied to persons 65 years of age and over, would be increased to $17,700,000 per year. The total number of ratable polls in the State is only 919,783. A poll tax of $2, if assessed and collected from every person in the State liable to such a tax, would yield only $1,839,566, or less than one-fifth of the amount required to finance the pension scheme proposed by Dr. Hale.

**(b) Partial Non-contributory Schemes.**

The pension plan proposed in the last bill introduced in the Massachusetts Legislature, House No. 1628, in 1909, which is substantially the measure that has appeared in each successive year since 1904, provides for a pension of $3 per week, or $156 a year, for citizens 65 years of age and over, under certain conditions of eligibility laid down in the act, which are, in brief: first, the applicant must not be already in receipt of a pension from the State, or city, or town; second, must have paid a poll tax for twenty-five years, or, in the case of a woman, a lump sum equivalent to the amount

that would have been paid in poll taxes during twenty-five years; third, must not have been convicted of felony within five years; fourth, must be certified in writing, by some member of the General Court or the Executive Council, or by a selectman, mayor, member of the city council, treasurer, auditor, city or town clerk of the city or town in which he lives, to be of good moral character and not addicted to the excessive use of intoxicating liquors; fifth, must have been a resident of the Commonwealth for ten years preceding his application. It is impossible to estimate, with any approach to accuracy, the proportion of the 177,000 persons 65 years of age and over that would be disqualified under these conditions of eligibility. In particular, the number of citizens who have paid poll taxes for the last twenty-five years cannot be figured even roughly. If, however, only one-fifth of the number were able to qualify under the act, namely 35,400, the cost of pensioning that number, at the rate of $156 per year, would be $5,522,400. If one-third of the number should qualify, namely, 59,000, the cost would be increased to $9,194,000 annually. It is proposed in the pension bill under consideration to raise the money required to pay pensions by a special poll tax, not to exceed $5 per year. A tax of that amount assessed upon the total ratable polls in the State, 919,783, and actually collected from each person liable, would bring in $4,598,915 in revenue. It is provided, however, that $1 of each tax shall be retained by the city or the town. This would reduce the revenue accruing to the State to about $3,600,000 annually, even if the entire tax were collected. Thus, on the most extravagant estimate of the possible revenue from the poll tax, there would be a deficit of about $2,000,000 on the basis of the first estimate of the cost of the scheme as given above, and a deficit of over $5,500,000 on the basis of the second calculation, which would have to be made up out of the State treasury.

The British old age pension system, instituted by the act of 1908, is a partial non-contributory scheme.[1] If the conditions of eligibility as laid down in this act were applied to the population of Massachusetts 70 years of age and over, the

[1] For description, see pp. 94 *et seq.*

number of persons of different classes who would be excluded from the pension system may be estimated as follows: —

| | |
|---|---|
| 1. Persons who have not been residents of the State for twenty years. | 7,980 [1] |
| 2. Persons in receipt of poor relief: — | |
| Indoor. | 2,204 |
| Outdoor. | 2,082 |
| 3. Inmates of lunatic asylums. | 1,148 |
| 4. Inmates of correctional institutions. | 179 |
| 5. Persons having yearly incomes over $157.50: — | |
| United States pensioners. | 15,417 [2] |
| Other non-dependent aged. | 74,540 [3] |
| | 103,550 |

It thus appears that 103,550 out of the 105,000 persons 70 years of age and over would prove ineligible for pensions under a pension act copied literally after the British. This would leave only 1,450 persons to be provided with pensions. At the British rate of $1.25 a week, or $65 a year, the cost would be only $94,250. This means that the British old age pension scheme, if strictly applied in this State, would hardly touch the aged population at all. In Great Britain 667,000 persons qualified for pensions under the act within eight months, and the expense for the first year was, roundly, $40,000,000. The fact that so large a number could qualify under the provisions of the act shows the wide difference between the economic condition of the aged population in Great Britain and in this State. The maximum income provision of $157.50 would alone debar four-fifths of the aged population in this State. In Great Britain this provision permitted more than one-half of the population 70 years of age and over to qualify for pensions.

A fairer estimate of the probable cost of applying a partial non-contributory pension system like the British in this

[1] This number is estimated according to the percentage of aged persons of less than twenty years' residence in the State, as shown by the returns gathered in the investigation by this commission, namely, 7.6.

[2] The United States pensioners presumably all have incomes in excess of the maximum fixed in the British act.

[3] This figure is obtained by applying to the non-dependent population 70 years of age and over, which numbers 80,462, the percentage of persons of this class who gave their weekly incomes as $3 or less in the returns gathered in the investigation by this commission, namely, 7.36.

Commonwealth can be made by assuming that the conditions of eligibility, especially as regards income and the amount of the pensions, would be conformed to American standards. The percentage of the population 70 years and over that qualified for pensions in Great Britain was rather more than one-half. Applying a similar percentage in Massachusetts, the number of persons who would come under the provisions of a pension act similar to the British would be not less than 50,000. If the amount of the pension were fixed at $200 a year, the scheme would cost about $10,000,000 annually. This is doubtless the lowest amount that could safely be set as the probable cost of a partial non-contributory pension scheme in this State.

**(c) Compulsory Contributory Insurance, with State Subsidy.**

The typical scheme of this class is the German system of old age insurance.[1] It is difficult to calculate the cost of applying such a system in this Commonwealth. It is practically useless to estimate carefully the expense of applying an exact replica of the German scheme, as regards the amount of contributions by the employer, the employee and the State, and the amount of the pensions. The latter is far too small for American standards of living, the maximum pension being less than $60, and the average amount only $40, annually. The approximate cost of a compulsory contributory system of old age insurance like the German may, perhaps, best be indicated in the following manner: In Germany the number of persons drawing old age pensions was, in 1907, 116,887, out of a population of 60,000,000. This means 195 pensioners per each 100,000 of population. In Massachusetts this proportion would give only 5,850 pensioners, as the population of the State is roundly 3,000,000. To pay pensions of $40 a year to 5,850 persons would cost only $234,000. To provide pensions of three times that amount, which would hardly be more than the proper equivalent of the German rate, would cost $702,000. Of this total, the State would pay, according to the German method of dividing the expenses, approximately one-third, or about $78,000, on the basis of the first

[1] For description, see pp. 80 *et seq.*

calculation just given; $234,000 on the basis of the second calculation. In Germany the State's share of the total amount paid in both old age and invalidity annuities in 1907 was only $12,348,009.08. The equivalent expenditure in Massachusetts proportional to the population would be about $617,500.

**(d) Voluntary Contributory Insurance, with State Subsidy.**

The Belgian system of old age relief is typical of this class of schemes.[1] Manifestly, the cost of any voluntary scheme with a State subsidy can only be approximated. All depends on the extent to which the population participates in the plan. In Belgium the number of pensioners in 1906 was 850,000, out of a population of 7,238,622. Each participant can obtain at least 9 francs, or $1.80, in premiums paid by the State each year. This means a total payment by the State of $1,530,000. As the population is two and a third times as large as that of Massachusetts, the proportionate expenditure in this State would be only $600,000. Even if the amount of premiums were trebled, the cost would be only $1,800,000 annually.

**(e) General Estimates.**

The expense of a pension system in this State may be further illustrated by the following figures: —

To provide pensions of $200 a year for the entire population 65 years of age and over, namely, 177,000, would cost $35,400,000 annually. To provide pensions of that amount for the entire population 70 years of age and over, namely, 105,000, would cost $21,000,000 annually. To provide pensions of $100 a year for the entire population 65 years of age and over would cost $17,700,000 annually. To provide pensions of $100 a year for the entire population 70 years of age and over would cost $10,500,000 annually.

To provide pensions of $200 a year for one-half the population 65 years of age and over, namely, 88,500, would cost $17,700,000 annually. To provide pensions of $200 a year for one-half the population 70 years of age and over, namely, 52,500, would cost $10,500,000 annually. To provide pen-

[1] For description, see pp. 101 *et seq.*

sions of $100 a year for one-half the population 65 years of age and over would cost $8,850,000 annually. To provide pensions of $100 a year for one-half the population 70 years of age and over would cost $5,250,000 annually.

To provide pensions of $200 a year for one-fourth the population 65 years of age and over, namely, 44,250, would cost $8,850,000 annually. To provide pensions of $200 a year for one-fourth the population 70 years of age and over, namely, 26,250, would cost $5,250,000. To provide pensions of $100 a year for one-fourth of the population 65 years of age and over would cost $4,425,000. To provide pensions of $100 a year for one-fourth of the population 70 years of age and over would cost $2,625,000.

To provide pensions of $200 a year for 18,465 persons, the estimated number of deserving non-dependent aged poor and aged dependents upon public and private charity 65 years of age or over in the State,[1] would cost $3,693,000 annually. To provide pensions of $100 a year for this number would cost $1,846,500 annually. To provide pensions of $200 a year for 12,000, the estimated number of prospective pensioners 65 years of age and over in the State, exclusive of the aged dependents on public charity, — the pauper class proper, — would cost $2,400,000 annually. To provide pensions of $100 a year for this number would cost $1,200,000 annually.

The effect of pensions expenditure on local tax rates is shown in the following table, in which the increase of the tax rates is calculated: first, on the basis of an expenditure of $17,700,000 annually, the amount required to provide pensions of $200 a year for one-half the population 65 years of age and over, or of $100 a year for the total population of that age; second, on the basis of an expenditure of $10,500,000 annually, the amount required to provide pensions of $200 a year for one-half the population 70 years of age or over, or pensions of $100 a year for the entire population of that age.

[1] See p. 51.

Effect of Pension Expenditures on Tax Rates.

| TOWN OR CITY. | Tax Rate per $1,000 of Valuation, 1909. | Amount necessary to pay Town Portion of State Tax of $4,500,000. | Amount which would have been Necessary if State Tax had been increased, by $17,700,000 for Pension Expenses, to $22,200,000. | Total Rate per $1,000 of Valuation if State Tax had been $22,200,000. | Amount which would have been Necessary if State Tax had been increased, by $10,500,000 for Pension Expenses, to $15,000,000. | Total Rate per $1,000 of Valuation if State Tax had been $15,000,000. |
|---|---|---|---|---|---|---|
| Boston, . . . . | $16 50 | $1 20 | $5 92 | $21 22 | $4 00 | $19 30 |
| Barre, . . . . | 15 00 | 1 24 | 6 12 | 19 88 | 4 13 | 17 89 |
| Brookline, . . . | 10 50 | 1 22 | 6 02 | 15 30 | 4 06 | 13 34 |
| Greenfield, . . . | 15 20 | 1 02 | 5 03 | 19 21 | 3 40 | 17 58 |
| Lowell, . . . . | 19 60 | 1 25 | 6 17 | 24 52 | 4 16 | 22 51 |
| Springfield, . . . | 14 80 | 1 00 | 4 93 | 18 73 | 3 33 | 17 13 |

In the foregoing estimates no account has been taken of any possible reduction of expenditures on ordinary poor relief through the establishment of a pension system, as diminishing the net cost. For reasons already set forth, it is hardly to be expected that the adoption of a pension scheme would, in the long run, reduce poor relief expenditures. The experience of countries that have tried the pension policy shows that no saving on this score can be counted upon to offset in part the expenses of the pension plan. The only form of poor relief expenditure that would be reduced appreciably, even during the first years of the operation of a pension system, is that of outdoor relief. The total amount now spent on outdoor relief for aged persons by public and private agencies in the State has been estimated at $510,898.08. Assuming that this outlay would be reduced one-half by the adoption of a pension system, which is undoubtedly an extreme estimate, the saving would amount to $255,449.04. This sum is insignificant when set against the millions that any general pension system would cost.

## VII.

## THE QUESTION OF MUNICIPAL PENSIONS.

### 1. The Nature of the Problem.

The reality and the urgency of the problem of pensions for municipal employees cannot be disputed. The continuance of men in municipal service after they have outlived their usefulness in the positions in which they are employed means waste of the taxpayers' money and demoralization of the working force. To discharge outright aged workers who have been in the employ of the city for a long period of years is manifestly a harsh course, which the city, as an employer of labor, cannot afford to sanction by its example. Many private employers, both individual and corporate, have recognized the need and the wisdom of making some provision for the retirement of superannuated employees on allowances, and have established pension systems. The spread of the pension idea among railway and other corporations during the last decade is a most interesting development in the industrial world. The same reasons that have induced private employers to make special provision for the retirement of aged workers would seem to hold good in the case of municipalities.

These reasons are partly economic and partly humanitarian. Regarded from an economic point of view, the advantages of a pension system consist in the elimination of the waste and demoralization connected with the employment, at full wages, of old men who are no longer capable of rendering reasonably efficient service; and, further, in the promotion of a sentiment of loyalty and appreciation on the part of the working staff. The economic gain from these sources is regarded by large employers as sufficient to make up for the expense of operating a pension system. The humanitarian motive recognizes the fact that long-continued service estab-

lishes some claim to generous treatment of the employee in his old age, which prohibits the humane employer from turning his aged workers adrift without adequate means of support. Thus, considerations of economy and fair play have brought about the introduction and extension of pension systems in the case of railways and other large corporate and individual employers of labor.

Much is also made by the advocates of pensions for municipal employees of the fact that many cities have already adopted the pension policy in the case of the police and fire departments and the teachers in the public schools. It is held that justice demands the extension of the pension system to employees in other municipal departments. Indeed, the need of a pension system, from the point of view of the employees, is declared to be greater in the case of the common laborers and the lower ranks of employees in general than in the case of the higher-paid members of the police and fire departments and the teaching staff of the public schools.

The arguments urged in opposition to the establishment of some system of municipal pensions may be stated thus: —

1. Provision for old age and for the emergencies of life is a matter of individual concern, which should be left to the initiative of the employees themselves. This consideration has special force in the case of municipal employees. They are a specially favored class, who have less need of pension provisions than have wage earners in general. They are comparatively well paid, and should be able to provide for their old age out of their independent savings. The city should not be called upon to provide for them in the proposed manner. In answer to this objection, it is argued that, whether the employees ought to do so or not, as a matter of fact they do not make adequate individual provision for old age. The city must either assist them to do this in some way, or must continue to face the awkward dilemma of keeping worn-out employees on the pay roll, or of turning them adrift without support in their old age. The city must, it is contended, take the same course as have the progressive railway and industrial corporations which have introduced pensions for their employees.

2. The establishment of a pension system will add largely to the tax rate of the cities, which is already burdensomely high. At a time when retrenchment of municipal expenditures is everywhere conceded to be imperative the assumption of a heavy annual outlay for pensions is doubly indefensible. To this argument the answer is offered that the present method of carrying worn-out employees on the pay roll at full wages is more expensive than any pension system could possibly be. The cost and waste of the present method in the city of Boston, as well as the need and scope of a pension plan applied to the municipal service of the city, are indicated by certain returns prepared in December, 1908, at the request of the mayor.

The returns show the following facts regarding the number of pensionable employees, their length of service, compensation and efficiency: —

The total number of employees over 65 years is 491; over 70 years, 168. The number of employees pensionable at the latter age is thus 65 per cent. less than that at the former. The amount of compensation paid to employees over 65 is $419,888.45; over 70, $273,000. The number over 65 reported as inefficient is 296. The compensation paid to this group is $200,194.35.

The percentage of inefficient employees among the employees over 65 years is strikingly large in many departments. For example, in the cleaning and watering division of the street department 35 are employed, of whom all are reported inefficient; in the cemetery department 16 persons over 65 years are employed, of whom all are reported as inefficient; in the park department 27 are employed, of whom 24 are inefficient.

The period of service is over 30 years in the case of 119 employees over 65, or 25 per cent. of the total. Only 5 per cent., or 42 persons, have been in the employ of the city less than five years.

The leading departments, in respect to number of pensionable employees, rank as follows: (1) paving division of street department, 109 over 65 years; (2) water department, 65; (3) sanitary division, street department, 58; (4) sewer

division, street department, 47; (5) cleaning and watering division, street department, 35; (6) park division, 27; (7) ferry division, street department, 26; (8) cemetery department, 16.

If it be admitted that some system of pensions for municipal employees should be devised and adopted, the question at once arises whether the system should be contributory or non-contributory; that is, should the expense of operation be borne entirely by the municipality, out of the moneys raised by taxation, or wholly or partly by the beneficiaries themselves through payments to the pension fund? There is a sharp difference of opinion on this point.

In favor of the contributory principle, it is urged that municipal employees receive good wages, and ought to maintain their own pension fund, at least in considerable part; that the non-contributory plan would enormously increase the expense of operating any pension system; that purely gratuitous pensions for aged workers would have a demoralizing effect on the beneficiaries; that the adoption of this policy by the cities would set an unfortunate example for private employers, and would give impetus to a movement in favor of the introduction of non-contributory State pensions for all aged persons.

Against the contributory plan, and in favor of the non-contributory principle, it is urged that an obligation rests upon the city, as upon any employer of labor, to take care of the men who have worn themselves out in its service; that the average employee does not earn enough to save adequately for old age; that, consequently, it would in many cases involve serious hardship to withhold part of the employees' pay for contribution to the pension fund; that the non-contributory principle has already been adopted in a great majority of the pension systems operated by railways and industrial corporations, as well as in the pension systems for municipal police and fire departments.

The further question whether participation in the pension system should be compulsory or voluntary, need not be considered in detail in this connection. The arguments here are substantially the same on both sides as those already reviewed

in connection with the question of a compulsory or a voluntary system, in general. It would be superfluous, accordingly, to present these arguments again in this place.

### 2. Pension Systems in American Cities.

As no State has enacted any pension measure providing for all classes of municipal employees, so no city has established any general system of municipal pensions. The pension schemes in existence provide only for certain classes of city employees, especially policemen, firemen and teachers. These schemes are largely non-contributory in character; that is, the pensions are paid out of municipal funds, without contribution from the employees.

A circular of inquiry sent out to 94 cities in the country, outside of Massachusetts, having a population of 25,000 or over, brought 56 replies. Of the 56 cities from which replies were received, 25 reported that no pensions of any kind were paid to public employees. Of the 31 cities having pension schemes of some sort, 28 cities pension policemen; 28 cities, not in all cases identical with the preceding, pension firemen; and 11 cities pension teachers. Grouping the 31 cities according to the extent of the pension provisions, it appears that 9 of the cities have pension schemes for policemen, firemen and teachers; 16 for policemen and firemen; 2 for policemen and teachers; 3 for firemen alone; 1 for policemen alone.

Another circular of inquiry was sent out to Massachusetts cities. Replies were received from 30 out of 33 cities in the State. Of the 30 cities furnishing information, 18 have no pension system whatever, not having accepted any of the State laws relating to the pensioning of policemen, firemen and teachers. Of the 12 cities which have adopted pension systems of some kind, 7 pay pensions to policemen and firemen, 3 to policemen only, and 2 to firemen only. The number of pensioners reported as on the pay roll of cities is 526, including 474 in Boston and 52 in other cities.[1]

[1] Cities having no pension systems are: Beverly, Chicopee, Fall River, Fitchburg, Haverhill, Marlborough, Melrose, New Bedford, Newburyport, Newton, Northampton, Pittsfield, Quincy, Salem, Springfield, Taunton, Woburn and Worcester. Boston, Cambridge, Chelsea, Everett, Lowell, Malden and Somerville pension policemen and firemen. Holyoke, Medford and Waltham pension policemen only. Brockton and North Adams pension firemen only. No replies were received from Gloucester, Lawrence and Lynn.

A description of the pension provisions for policemen, firemen and teachers in New York and in Boston will serve, in connection with the foregoing analysis of the State legislation on this subject,[1] to give an adequate picture of municipal pension systems in this country.

### (a) New York.

*Policemen.* — The police pension fund is made up as follows: (1) funds of this class previously existing in the municipalities combined to make the present city of New York; (2) fines imposed by the police department upon members of the force; (3) all rewards and gifts to members, except such as they may be allowed by the police commissioner to retain; (4) all lost, unclaimed, or stolen money remaining in the possession of the property clerk of the department for one year, and all money received from the sale of unclaimed property or condemned property of the department; (5) all sums withheld from members of the force through absence from duty; (6) certain specified quarterly payments out of receipts from liquor licenses; (7) all money received from the issue of permits to carry pistols; (8) all receipts from licenses to give masked balls, entertainments or parties; (9) 2 per cent. of the monthly compensation of each member of the police force, to be deducted by the comptroller from the pay; (10) various other specified sums coming from different sources.

In case the amount derived from the sources mentioned is insufficient to pay the pensions authorized under the act, the remainder is appropriated out of the general treasury.

The power to retire on pension is vested in the police commissioner. As in the case of the firemen's retirement system, a member of the force may be pensioned for disability at any age. A member disabled in the actual performance of duty, without misconduct on his part, receives a pension of not more than one-half, nor less than one-third, of his regular pay. A member who becomes superannuated after ten years but less than twenty-five years of membership in the force, so as to be unfit for duty, is pensioned at the same rate. Pensions are also granted to the dependent parents or widows of mem-

[1] See pp. 128 *et seq.*

bers killed in the performance of duty, of not more than $600 per annum, and to the widows of members dying in the service after ten years, of not more than $300. Surviving children under 18 years of age are also provided for, the amount of the allowance not to exceed $600 per annum.

Any member of the force who has reached the age of 55 years and has served for twenty years may be retired upon his own application, and any such member who is certified as permanently disabled shall be so retired, the pension in each case to be not less than one-half of the salary. Any member of the age of 55 years who has served twenty-five years must be retired upon his application, with half-pay. Finally, any veteran of the civil war who has reached the age of 60 years may be retired in like manner.

*Firemen.* — The fire department relief fund is made up of the following sums: (1) funds of this class previously held in the various municipal corporations consolidated into the present city of New York; (2) all fines imposed upon members of the department; (3) all rewards or gifts on account of extraordinary service of any member of the force, except such as the commissioner may permit the recipient to retain; (4) all proceeds of suits for penalties, and all license fees payable under the fire ordinances; (5) all proceeds of sales of condemned horses and other property in use in the department; (6) all money forfeited or withheld from any member of the force on account of absence from duty, except by reason of sickness or disability; (7) 10 per cent. of the liquor license fees of the city.

Any member of the force may be retired by the fire commissioner for disability, either total or partial. In case of total permanent disability induced by actual performance of duty, or occurring after ten years of service in the department, the annual pension is one-half of the compensation received at the date of retirement. In case of total permanent disability not caused by actual performance of duty, or occurring before ten years of service, the pension is one-third of the pay. In case of partial permanent disability caused by actual performance of duty, or occurring after ten years of service, the member is assigned to light service in the department, and

given one-half pay. In case of partial permanent disability not so caused, or occurring before ten years of service, the member is assigned to light duty, and receives only one-third pay. Furthermore, any member of the force who has served for twenty years shall, upon his application, submitted with proof of permanent disability, be retired and pensioned at the rate of not less than one-half of his previous pay. Pensions are also provided for widows and children or dependent parents of deceased firemen, the amount to be determined by the trustee of the relief fund, but not in any case to exceed $300 in any one year. The widow of a fireman killed in the service receives a pension of one-half of the salary of the deceased. Annual allowances are also provided for the surviving children under 18 years of age or dependent parents of the members who die leaving no widow, the amount of such allowance not to exceed the sum of $500 in any case.

A life insurance fund is also maintained for the benefit of members of the fire department, to which they may contribute and provide additional insurance for themselves and families.

*Teachers.* — The teachers' retirement fund is made up of the following amounts: (1) all sums forfeited or deducted from the pay of teachers for any cause; (2) all receipts from gifts and bequests; (3) 5 per cent. of the annual receipts from liquor licenses; (4) 1 per cent. of the salaries of teachers.

A board of retirement is constituted to administer the act. On the recommendation of this board, any teacher who is incapacitated for performance of duty, and has served for twenty years, may be retired by the board of education. Any teacher who has reached the age of 65 years, and has served thirty years, may be retired by the board of education without such recommendation. Any teacher who has served for thirty years may be retired upon his own application by the board of education.

The amount of annuity in case of a teacher retired after thirty years of service is one-half the annual salary, but shall not be less than $600. In case of a teacher retired after less than thirty years of service, the amount of annuity shall bear the same ratio to the annuity provided for the thirty-year class which the length of the service bears to that period.

**(b) Boston.**

*Policemen.* — At present the following acts relating to policemen's pensions in Boston are in force: Acts of 1887, chapter 178; acts of 1892, chapter 353; Acts of 1893, chapter 51; Acts of 1898, chapter 172; Acts of 1900, chapter 306. In some cases later acts cover parts of the earlier laws, but they do not repeal the latter. The essential provisions of the pension system as at present administered are as follows: —

1. Any member of the department (*a*) who is certified by the city physician to be incapacitated mentally or physically, and (*b*) who has served fifteen years consecutively in the department, may by a unanimous vote of the board be retired on half pay, or any less sum that seems just to the board.[1]

2. Any member who is certified by the physician of the board of health to be permanently incapacitated mentally or physically by injuries sustained in the actual performance of his duty, shall be retired on half pay.[2]

3. Any member (*a*) who in the judgment of the board is incapacitated for service, and (*b*) who has served twenty years in the department, at his own request and with the mayor's approval, may be retired on half pay by a majority vote of the board.

4. Any member who has reached the age of 65 years, except a soldier or sailor of the civil war, shall, with the mayor's approval, be retired on half pay.

5. Any member (*a*) who was a civil war soldier or sailor, and (*b*) who is 60 years old, or (*c*) who has served twenty years in the department, shall at his own request be retired on half pay.[3]

6. Any member (*a*) who is 60 years old, and (*b*) who has performed twenty-five years of active service in the department, shall, at his own request, be retired on half pay.

7. The widow until she marries again, or, if no widow, the children under 16 years of age, of any member who dies from injuries received while in the discharge of his duty, may

[1] Acts of 1887, chapter 178; Acts of 1893, chapter 51.
[2] Acts of 1892, chapter 353.
[3] Acts of 1898, chapter 172.

receive an annuity of $300 or less, as the board may determine.[1]

It is to be noted that the powers vested in the board of police are now exercised by a single commissioner.[2]

*Firemen.* — The pension system was established by chapter 347 of the Acts of 1892. Under the provisions of this law any member of the fire department (*a*) who has become disabled in the performance of duty, certified by the city physician, or (*b*) who has performed service for at least fifteen consecutive years, may be retired on pension by the board of fire commissioners. In case of total disability, the amount of the pension is two-thirds of the pay; otherwise, the pension of members of the permanent force who have served fifteen years is not to exceed one-half of the pay, and the pension of members of the call force who have served fifteen years is fixed at one-half of the pay. It is further provided in the act that former members of the fire department may be pensioned in the same way by the board of fire commissioners.

An earlier act, passed in 1880, chapter 107, provides pensions for widows and orphan children of firemen killed by injuries received in the discharge of duty. The amount of such pension is limited to $300 yearly. The same act further provides for the custody of the firemen's relief funds. The mayor and the board of fire commissioners are constituted a body corporate for the purpose of receiving and holding any gifts for the benefit of members of the fire department or their families requiring assistance. These provisions were extended in 1881, chapter 22, to apply to members of the Boston protective department.

An act of 1898, chapter 246, authorized the city to spend a sum not exceeding $3,000 annually for the relief of disabled firemen, in addition to the sums paid for pensions.

It should be noted that the administration of the pension system is now under the charge of a single commissioner, substituted in 1895 for the board of fire commissioners.[3]

An act of 1893, chapter 401, provides that when any fire-

[1] Acts of 1887, chapter 178.
[2] Acts of 1906, chapter 291.
[3] Acts of 1895, Chapter 449.

man belonging to the regular force of any city or town of the Commonwealth, or any person in the active service of the protective department, is killed, or dies within sixty days from injuries received in the discharge of duty, the sum of $1,000 shall be paid out of the treasury of the Commonwealth for the use of the widow, minor children or surviving dependents of the deceased.

An act of 1904, chapter 233, provides pensions for employees of the Boston protective department. The board of directors of the department may retire on pension any employee permanently incapacitated through injury in the service, or any employee 65 years of age who has served for twenty-five years. In case of total incapacity, the pension is two-thirds of the last compensation; otherwise, one-half.

*Teachers.* — In 1900 a public school teachers' retirement fund was established in Boston by chapter 237 of the Acts of that year. The fund is composed of $3 withheld from the teachers' salaries each alternate month. It is administered by a board of trustees, consisting of the superintendent of schools, three male and three female teachers, elected by the teachers, and three members of the school committee, elected by the latter. Retirement is permitted to teachers who have served for thirty years, ten in public schools of Boston, and have contributed $540 to the fund. Teachers may also be retired for incapacity after ten years of service. The amount of the annual allowance is determined by the trustees, but all allowances must be uniform. Assessments are compulsory upon all teachers entering the service after the passage of the act, and upon other teachers who may have elected to come under its provisions. Teachers who leave the service after paying assessments for ten years may withdraw one-half of their contributions.

In 1908 a pension system for teachers in the public day schools in Boston was established by chapter 589. The act provides that the school committee of Boston shall immediately establish a permanent school pension fund. The care and investment of the fund are vested in a board of three trustees, one to be chairman of the board of commissioners of the sinking funds of the city, and another to be chosen by the

school committee, and a third by the board of trustees of the teachers' retirement fund of Boston. The trustees are to serve without compensation. The trustees are also to invest the funds in such securities as Massachusetts savings banks are permitted to hold, excepting personal securities. An appropriation of 5 cents from each $1,000 of the valuation of the city is authorized to provide for the expenses of the act. The school committee may retire on a pension any teacher who is incapacitated for efficient service. If the person so retired has reached the age of 65 years, or has been in the service for thirty years, twenty of which have been in the public day schools of Boston, the amount of the pension is $180. In case of persons of lower age and shorter service the amount of the pension is proportionately less.

In 1909 an amendment to the preceding act was passed, chapter 537. This act provides that teachers who were annuitants of the teachers' retirement fund association when the pension law took effect, and all teachers who had retired before that date and had taught in public schools for an aggregate period of thirty years, twenty in the public schools of Boston, shall be paid annual pensions at the rates and from the fund established by the previous act. It is provided, however, that only 40 of such persons shall receive pensions during the first year after the act takes effect, and 40 more in each succeeding year, according to length of service, until all those eligible under the law have been pensioned. This measure was accepted by the school committee of Boston, under a provision of the law referring it to that body for final adoption.

### 3. Pension Systems in Foreign Cities.

It is the general practice of the British and European cities to pension superannuated employees. There is a wide variety of detail in the provisions of these pension systems. Information concerning the pension provisions in 23 leading cities of Great Britain and the European continent has been collected by this commission. It will be sufficient for the purposes of general description, first, to exhibit the different schemes in tabular outline, and then to describe somewhat in detail typical schemes in different cities.

PENSION PROVISIONS IN LEADING CITIES OF GREAT BRITAIN AND THE EUROPEAN CONTINENT.

| CITY. | Classes of Employees Pensionable. | Pensionable Age. | Other Conditions of Eligibility for Age Pension. | Amount of Pension. | Contributions by Employees to Pension Funds. | Retirement for Incapacity, regardless of Age. |
|---|---|---|---|---|---|---|
| Antwerp, . . | All officials and employees. | 60 | Twenty-five years of active service and contribution to fund; thirty years of sedentary service and contribution to fund. | One-half salary, . . . . | 3 per cent. regularly; 5 per cent. for first year, if salary exceeds 1,000 francs; first month's increase in case of salary raise. | Yes; amount graduated according to length of service. |
| Berlin, . . | All officials by Prussian law; other employees by city ordinance. | 65 | Ten years of service, | Pension under Prussian law: fifteen-sixtieths of annual wages, after ten years of service, and one-sixtieth for each additional year up to maximum of forty-five-sixtieths after forty years of service. Pension under city ordinance: twenty-sixtieths of annual wages for ten years of service, and one-sixtieth additional yearly for thirty years, after which one-one hundred and twentieth yearly till pension amounts to forty-five-sixtieths of annual wages. | No contributions since 1890. | Yes; after ten years of service, or earlier for disability incurred in service. |
| Birmingham, . | All officials and employees. | 65 | Twenty years of service. | One-sixtieth of average salary for each year of service, till pension amounts to one-half of whole salary. | 3 per cent. of salary, | Yes. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Breslau, | All officials under Prussian law. | 65 | Ten years of service, | Fifteen-sixtieths of salary after ten years of service, and one-sixtieth per year thereafter till pension amounts to forty-five-sixtieths of salary. | None, | Yes; after ten years of service, or earlier for disability incurred in service. |
| Copenhagen, | All officials, | 70 | Fifteen years of service for some classes; twenty-five years for others. | Amount graduated according to length of service and salary, from one-third to two-thirds of salary, with maximum of $1,608. | None, | – |
| Dresden, | All officials and employees. | – | Thirty years of service. | Twenty-five per cent. of salary in ordinary cases; larger percentage in accident cases. | Joint contributions by city and employees. | Yes. |
| Edinburgh, | All officials and employees. | 60 and 65 [1] | Ten years of service, | Ten-sixtieths of salary for ten years of service and one-sixtieth per year thereafter to forty-sixtieths, maximum pension for forty years of service. | 2½ per cent. of salary, | Yes. |
| Frankfort, | All officials under Prussian law. | 65 | Ten years of service, | Fifteen-sixtieths of salary after ten years of service, and one-sixtieth per year thereafter till pension amounts to forty-five-sixtieths of salary. | None, | Yes; after ten years of service, or earlier for disability incurred in service. |
| Hamburg, | All permanent officials, | 65 | Ten years of service, | 40 per cent. of salary, | None, | Yes; regular pension for incapacity after age 35. |

[1] At 65 retirement is compulsory.

PENSION PROVISIONS IN LEADING CITIES OF GREAT BRITAIN AND THE EUROPEAN CONTINENT — Continued.

| CITY. | Classes of Employees Pensionable. | Pensionable Age. | Other Conditions of Eligibility for Age Pension. | Amount of Pension. | Contributions by Employees to Pension Funds. | Retirement for Incapacity, regardless of Age. |
|---|---|---|---|---|---|---|
| Leipzig, . . | Regular salaried officials, | 65 | Ten years of service in general; only six years for councillors. | 33⅓ per cent. of salary to 80 per cent. of salary, according to length of service. | None, . . . | Yes; for disability incurred in service. Regular pension after forty years of service, regardless of age. |
| Liverpool, . . | All officials and employees. | 60 | Twenty-five years of service for full pension; partial pensions for shorter service. | Full pension twenty-five-fiftieths of salary, plus two-fiftieths for each year of service over twenty-five. | 3 per cent. of salary, | Yes. |
| London, . . | Permanent officials and employees. | 60 | Forty years of service for retirement at 60; ten years of service for retirement on account of old age at 65, or on account of ill health. | One-sixtieth of average salary for each year till pension amounts to forty-sixtieths of salary. | 3 per cent. to 5 per cent. of salary. | Yes; after ten years of service. |
| Lyons, . . | All officials and employees. | 60 | Thirty years of actual service. | Two-thirds of average salary during last three years. | Joint contributions by city and employees. | Yes; after ten years of service. |
| Madrid, . . | All officials and employees. | 60 | Twenty years of service. | Maximum amount one-half of largest salary | None, . . . | Yes; after eight years of service. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Manchester, . | Permanent employees, . | 65 | – – – – – | Lump payment of entire amount standing to credit of employee, with compound interest. | 3¾ per cent. of salary contributed by employee; 1¼ per cent. added by city, making joint contribution 5 per cent. of salary. | Yes. |
| Marseilles, . . | Salaried employees, . | 60 | Thirty years of service in general; twenty-five years for outdoor employees. | One-half of average salary during last four years for minimum period of service required, and 5 per cent. of salary in addition for each further year of service till pension amounts to two-thirds of salary. | 5 per cent. of salary; also first month's salary of new employees, and first month's increase in case of salary raise. | Yes. |
| Munich, . . | Permanent officials, . | 65 | – – – – – | 35 per cent. of salary if retirement occurs during first ten years of service; 2 per cent. of salary for each year thereafter to twentieth year of service; 1 per cent. for each year after twentieth, till pension amounts to 75 per cent. of salary. | None, . . . | Yes. |
| Nuremberg, . | All officials and employees. | – | Certain period of service and of contribution to pension fund, varying for different classes of employees. | Certain percentage of salary, according to length of service, from 30 per cent. to entire salary after forty years of service. | 1½ per cent. to 3½ per cent. of salary or wages. | Yes; graduated according to length of service. |
| Paris, . . | All officials and employees. | 60 | Thirty years of service. | One-sixtieth of average salary or wages during last three years of service. | 5½ per cent. of salary; entire amount of first month's increase in case of salary raise. | Yes; after ten years of service; retirement pension for accident at any age. |

PENSION PROVISIONS IN LEADING CITIES OF GREAT BRITAIN AND THE EUROPEAN CONTINENT — Concluded.

| CITY. | Classes of Employees Pensionable. | Pensionable Age. | Other Conditions of Eligibility for Age Pension. | Amount of Pension. | Contributions by Employees to Pension Funds. | Retirement for Incapacity, regardless of Age. |
|---|---|---|---|---|---|---|
| Rotterdam, | All officials and employees. | 60 and 65 [1] | Twenty-five years of service for men; twenty years of service for women. | One-third of the total amount of salary or wages earned during the last three years of employment. | 2½ per cent. to 5 per cent. of the salary or wages, according to the amount. | Yes; with "waiting money" until the retired employee becomes eligible for pension. |
| St. Petersburg, | All officials and employees. | – | Thirty years of service for full pension; twenty years of service for half pension. | Full pension 50 per cent. to 70 per cent. of salary. | Joint contributions by city and employees. | – – – – |
| Stockholm, | All officials and employees. | 60 and 65 | Thirty years of service. | Usual pension 70 per cent. of salary. | None, | Yes. |
| Vienna, | All officials, | – | Thirty-five years of service; thirty years of service for members of fire department. | 40 per cent. of salary after ten years of service, with additional percentage for each year thereafter, till pension reaches full amount of salary. | None, | Yes. |

[1] For men, 65; for women, 60.

**(a) Liverpool.**

The pension system of Liverpool was established by an act of 1882. Broadly speaking, the system applies to all classes of municipal employees. The retirement age is 60 years. A period of service of twenty-five years is also required for the receipt of a pension of full amount. For employees of 60 years of age, who have twenty-five years of service to their credit, a pension of twenty-five-fiftieths of the salary or wages is granted, with an additional two-fiftieths for each completed year of service beyond the twenty-fifth year. Pensions of smaller amount are granted, however, for employees who have served fifteen years, or even less. In case of employees 60 years of age, with fifteen years of service to their credit, the amount of the pension is fifteen-fiftieths of the salary or wages, with an additional one-fiftieth for each completed year of service beyond the fifteenth. Moreover, special provision is made for the retirement of employees 60 years of age, who have served less than fifteen years, and are incapacitated for further service through illness or accident not brought about by their own misconduct; in such case, the amount of the pension is determined by the corporation.

The fund for the payment of the pensions is provided by an assessment of 3 per cent. upon the salaries and wages of the employees.

In case an employee is required by the corporation to retire from the service, he may, if he requests it, receive the amount standing to his credit in the superannuation fund, instead of the amount of pension provided for his case. Also, in case an employee becomes entitled to superannuation by reason of long service, or ill-health, or old age, he may, at his request, receive the amount standing to his credit in the superannuation fund, instead of taking the pension. In case the employee retired on pension dies before the total amount of his allowance equals 75 per cent. of the sum that stood to his credit at the date of his retirement, the corporation may pay the difference to the family or legal representatives of the employee in question.

In addition to the 3 per cent. of salary or wages which officials are required to contribute to the superannuation fund, the corporation requires that they shall contribute at least 2 per cent. of their salary or wages toward the provision of life insurance for the benefit of those dependent upon them.

In closing his report upon municipal pensions in Liverpool, prepared for this commission, in May, 1909, United States Consul John L. Griffith of that city comments as follows upon the attitude of public opinion toward pensions: —

A new act of superannuation is in contemplation, as it is thought by many that the present act is somewhat too favorable to the employees. Practically all the employees of the city, from the highest to the lowest, and covering all classes and grades of work and character of service, are entitled to a pension under the conditions set forth in the superannuation act. The system, as already stated, has been in operation in Liverpool for a little over a quarter of a century, and meets, as far as can be ascertained, with general approbation. So pronounced, indeed, is the feeling in favor of the granting of pensions, that it would be impossible, in my judgment, to abrogate it.

The system of pensions applies in England not only to the employees of civic corporations, but to public officials generally. The collector of customs in Liverpool, who retired on a pension about a year ago, stated that during the eight years he was collector of the port of Liverpool, with hundreds of employees under him, and with the receipts of his office aggregating annually about £6,000,000 ($29,160,000), there had not been a single instance of defalcation or embezzlement. He attributed this to the fact that, while the compensation paid was in most instances not large, yet the men were steadied by the certainty of their tenure and the knowledge that, if they were faithful in their work, provision would be made for their old age. It is customary in England for the banks, insurance companies and many of the large industrial and trading companies to pension faithful employees who retire after a long period of service. This extends even to the case of domestic servants. It is very rare, I imagine, in England, for domestic servants in the employ of men of wealth not to receive a pension in their old age.

**(b) London.**

The general municipal pension scheme of the London county council now in operation dates from 1906. The present scheme is an extension of a pension system adopted by

the council in 1889. The earlier plan provided for the payment of a lump sum to retiring employees, made up of joint contributions by the latter during the period of employment, and by the council, with interest. The employees' contribution was 2½ per cent. of the wages and that of the council an equal amount. This plan was entirely inadequate to provide reasonably for retired servants of the municipality. Concerning its inadequacy and the need of a more liberal pension policy, the general purposes committee of the council, which prepared the amended scheme now in force, stated in its report: —

It is represented to us, and this view has been supported by two memoranda from the establishment committee, that the council's superannuation and provident fund does not serve to attract men to the service or to retain them, and that a preference is shown by candidates for the government service over the council's service, on account of the prospect of obtaining a pension from the former. The establishment committee also informed us that in some cases officials had resigned the council's service in order to enter government service, an important factor being the prospect of a pension. As the establishment committee point out, dislocation in the work inevitably occurs when officials leave the service after having obtained experience in the work of the council, and we think that an inadequate superannuation scheme will have serious results on the future of the service, if not remedied at an early date. The stability of the council's service will be imperilled and the work impaired, if, on the one hand, officials do not continue in the service, and, on the other hand, capable young men are not attracted to it as offering an adequate career. We feel sure that the council will desire to extend to its officers, engaged as they are in the service of the most important municipal authority in the world, sympathetic consideration in this matter of superannuation.

Under the present system, officials or servants employed in a permanent capacity, — except those employed in certain services, such as teachers and firemen, for whom special pension schemes are in force, — contribute a percentage of their salary or wages to a superannuation fund. The scale of contribution is as follows: First, for salaried officers entering the service under the age of 25, 3 per cent.; from the age 25 to

the age 35, 3½ per cent.; from the age 35 to the age 40, 4 per cent.; at age 40 and upwards, 5 per cent. Second, for employees on weekly wages, 2d. for each 5s. or part thereof. The council contributes to the fund 3 per cent. on the salaries, and 2 per cent. for each 5s. or part thereof of wages, and also guarantees interest at the rate of 3½ per cent. on the accumulated fund.

Pensions are granted to, (*a*) officers and employees who have completed forty years of service, and have reached the age of 60; (*b*) officers who have served ten years, and are retired for old age at 65 years, or for ill health. The pension amounts to one-sixtieth of the officer's average pay and emoluments throughout his period of service, for each year of service, up to a maximum pension of forty-sixtieths. It is provided, further, that no officer retiring for ill health, after ten years of service, shall receive less than one-third of his average pay and emoluments. In case of retirement for ill health before the completion of ten years of service, the employee's own contributions, with interest at 3 per cent., are returned to him. In the event of the death of an employee while in service, his own contributions, with interest at 3 per cent., are paid to his family or legal representatives. If an employee dies after retirement, the difference, if any, between his own contributions, — with 3 per cent. interest to date of retirement, — and the payments already made, in the form of pension or other allowance, is payable to his family or legal representatives. When an employee retires voluntarily, or is honorably dismissed, his contributions are refunded. Dismissal or retirement, or resignation to escape dismissal for fraud or dishonesty, or misconduct involving pecuniary loss to the council, entails forfeiture of claim to a pension. The council has power to make additional allowances out of the county fund to meet special cases.

#### (c) Manchester.

This city has no pension system, strictly speaking, except for members of the police force, which is administered under the provisions of an act of Parliament, 1890, entitled:

" Police act, applicable to the entire United Kingdom." The Manchester corporation has, however, established a thrift fund for municipal officials, which is practically a pension system on a contributory basis. This fund was established in August, 1892.

The fund provides for the payment of a certain sum of money to officials who have contributed to it, upon attaining the age of 65 years, or at an earlier age if incapacitated mentally or physically for further service. The obligation to contribute applies to all permanent employees receiving not less than $7.29 per week. The amount of the contribution is 3¾ per cent. of the salary or wages, to which the corporation adds a supplementary amount of 1¼ per cent., making the joint contribution to the fund 5 per cent. of salary or wages. A separate account is kept for each contributor, and the contributions are credited to this account half-yearly, and accumulate with compound interest. The beneficiaries are not allowed to withdraw, alienate or charge the amount standing to their credit.

The amount payable upon retirement is a lump sum, not an annuity, equivalent to the entire amount standing to the credit of the employee, including the contributions by the corporation, with interest compounded semi-annually at 4 per cent. In case of the death of a contributor in the service of the corporation, this amount is payable to his representatives, or, in the absence of any will, to the person whom the corporation regards as entitled to receive the amount.

A contributor who leaves the municipal service for any cause other than fraud, dishonesty or misconduct, before he reaches the age of 65, or becomes incapacitated, is entitled to receive the amount of his contributions, with 4 per cent. compound interest, but not of the contributions by the corporation. In case of long illness, an advance may be made to the contributor equal to one-fourth of his contributions, with interest.

The administration of the fund is under the control of the corporation, in concurrence with a consultative committee of five contributors elected annually. United States Consul

Church Howe sums up the advantages of this scheme as follows: —

(1) The assurance of some provision for illness, incapacity, old age or death; (2) the avoidance of the necessity for making costly and uncertain provision for old age, which too often fails when most wanted; (3) the removal of anxiety as to the security of savings, and the prevention of injudicious investments; (4) the supplemental contribution of 6 cents in the pound, and the guarantee of 4 per cent. interest; (5) non-forfeiture of savings in case of leaving the corporation service voluntarily; (6) the preservation of independence.

**(d) Edinburgh.**

The municipal pension system of Edinburgh was one of the last to go into force, having been adopted in March, 1906. A unique feature of this system is the provision for compulsory retirement of all municipal employees at the age of 65.

The object of a municipal pension scheme was well stated in the report of the committee which drew up the Edinburgh plan for the city council. The report reads: —

It would be a mistake to suppose that a superannuation scheme is solely for the benefit of the employees; the question of retirement, upon which superannuation depends, is at least as important for the corporation. The primary object of such a scheme is to secure efficient service, even more than to benefit the employees. Very often the employee desires to continue in the service, and thus draw his full salary or wage, even after he is no longer able to give fully efficient service, though it may be difficult or impossible to prove "permanent incapacity for work." . . . It is mainly the paramount importance of thus maintaining the efficiency of the public service which has led the government (in connection with the civil service), the English poor law authorities, the police authorities and many corporations and other public bodies, as well as railway companies, banks and insurance offices, to establish regular schemes for the retirement of their employees on superannuation. If such bodies were to insist upon their employees leaving the service at a specified age, without any provision for a retiring allowance, this might put them at a disadvantage in competing with private businesses, where there was no such restriction, for the services of competent men. They might find that the most eligible men would be deterred from entering the service, or that their best officials and servants

would leave them for outside posts. To avoid such a result to the detriment of the service, there has been introduced the system of superannuation, under which the employee is granted an allowance on retirement. Where, as in the case of the civil service and some others, the employees do not contribute anything towards the superannuation fund, that allowance is sometimes spoken of as "deferred pay." Even on economical grounds, it may be better for a public body to pay such retiring allowances, and thereby secure efficiency, than to go on giving full pay to employees who are no longer at their best. . . .

While the interest of the corporation, apart from the employees, to have a superannuation scheme on proper lines, may thus be clear, it is not unreasonable that the employees should also contribute to the fund from which they are to derive benefit. The scheme being really for the benefit of both parties, and in their mutual interest, they should both contribute. Accordingly, it is on the lines of contributions being paid by both that most of the schemes which have been established by corporations are framed.

The plan provides for the pensioning of all officials and servants of the corporation who have completed ten years of service and have become incapacitated, or who have attained the age of sixty years. Employees who have attained the age of 65 years are obliged to retire and take the pension. The amount of the pension for an employee who has served ten years is ten-sixtieths of the average salary or wages during the five years preceding retirement; for each additional year beyond ten, one sixtieth of the salary or wages is paid, until at forty years of service the maximum amount of forty sixtieths of the salary is reached. An exception is made here for members of the fire department, who, after twenty-four years of service, receive an annual addition of two-sixtieths, instead of one-sixtieth, until the maximum of forty-sixtieths is reached. The corporation is, furthermore, empowered to add a certain number of years, not exceeding ten, as a basis for calculating the pension, in case of employees entering the service after 30 years of age.

An employee who is dismissed or resigns, or otherwise ceases to hold his employment, in consequence of being convicted of an offence of a fraudulent character or an offence for which he is sentenced to imprisonment for six months or

more, forfeits all claim to a pension. Employees who resign or voluntarily leave their employment are entitled to a rebate equal to one-half of the amount of their contributions to the pension fund, without interest. Employees who are discharged for reasons of economy are entitled to a rebate equal to the full amount of their contributions, without interest.

Employees are required to contribute to the pension fund 2½ per cent. annually of the salary or wages. The pension allowance is not assignable or arrestable for debts or other liabilities. The corporation contributes to the fund annually an amount equal to the sum contributed by the employees. The corporation, also, is required to make good any deficit in the annual budget of the fund, on account of excess of pension claims over available resources.

### (e) Berlin.

The pension system of Berlin, in its present form, dates from the year 1890. The city has a general system of pensions for municipal employees, and special provisions for teachers and firemen. The general pension system provides for all officials and employees who are permanently employed by the municipality. Officials are pensioned under the provisions of a general Prussian law relating to the employment and pensioning of communal officials. Other employees are taken care of by city ordinance. The pensions given under Prussian law are permanent and irrevocable, while those given under the city ordinance may be revoked at any time, if the municipal finances are in such a state that this action seems expedient. As a matter of fact, a city pension is seldom withdrawn.

Under the provisions of the Prussian pension act, municipal officials of 65 years of age are entitled to retire on pension without proving disability. Officials of this age are also subject to compulsory retirement, by order of the municipal council, whenever they are regarded as disqualified for further service. Officials who have served ten years, and have become permanently disabled, are also entitled to pension. In case of disability resulting from injury incurred in the

discharge of duty, without fault of the official, the latter is entitled to a pension before having served ten years. An official disabled for other reasons, before having served ten years, may be pensioned by special order of the municipal council. The amount of the pension after ten years of service is fifteen-sixtieths of the yearly official income, with an additional one-sixtieth for each year of service after ten until the pension amounts to forty-five-sixtieths of the income, which is the maximum pension. Pensions granted by special vote of the council, before the official has served ten years, may not exceed one-fourth of the income. The pension for permanent disability incurred in service, after ten years, may not be less than one-fourth of the income. Pensions are also provided for widows and orphans of deceased officials.

Under the municipal pension ordinances, the conditions for receipt of a pension are ten years of uninterrupted service and permanent disability. In case of disability incurred in the service, without fault of the employee, a pension may be granted before ten years. The amount of the pension, which is known as Ruhegeld, is twenty-sixtieths of the wages for ten years of service, with an additional one-sixtieth for each year beyond ten, until the thirtieth year of service, and one-one-hundred and twentieth for each year thereafter until the pension amounts to forty-five-sixtieths, which is the maximum. The pension for disability prior to ten years of service is twenty-sixtieths of the wages. Widows and orphans are pensioned proportionately to the Ruhegeld to which the deceased employee was entitled. Provision is also made for the payment of temporary pensions to employees who have been discharged for reasons of economy, or other causes not affecting their efficiency, to be paid during the time in which they remain unemployed.

United States Consul A. M. Thackara reports that the pension system, "in the opinion of the Berlin city authorities, works satisfactorily."

### (f) Hamburg.

Hamburg is, strictly speaking, not a city, but a State, — the free and hanseatic State of Hamburg.

The pension system of Hamburg was established by the pension act of January 7, 1884. The system applies to all officials except judges, who are separately provided for. An official is defined as every person occupying a permanent position for lifetime in the municipal service of the State of Hamburg.

Retirement pensions are granted to officials who have been in the service at least ten years, counting from the twenty-fifth year of their age, who have reached their thirty-fifth year, and who, because of physical or mental incapacity, are permanently unable to discharge their duties. When an official begins service before his twenty-fifth year, the term of service is reckoned as beginning with that year. Retirement on pension is voted by the Senate of Hamburg, with the consent of the chief committee of the House of Burgesses, upon application by the official himself or the department in which he is employed. The application is filed with the department and then transmitted to the Senate with a report.

In case retirement is rendered necessary because of injury or illness contracted in the service of the State, the official in question may be retired with pension, although he may not have served ten years, or may not have reached the age of 35. In case disability resulting in retirement follows from other causes, and, although the official in question may become disabled before ten years of service, or before the age of 35, he may, by order of the Senate, with approval of the Burgesses' committee, and in case of need, be granted money for temporary support or maintenance for life.

An official who has reached the age of 65 may be retired without proof of disability, and must be retired if he so desire.

An official discharged because of misdemeanor in office loses his title and all claim to salary and pension.

The amount of the pension is 40 per cent. of the official income. If the salary at time of retirement was 2,000 marks or less, the pension is increased 2 per cent. for every year of service beyond ten years. If the last salary was more than 2,000 marks, an addition of 1½ per cent. is allowed for each

year of service beyond ten years, until the amount of the last salary is reached. If the pension calculated in this way, on an income in excess of 2,000 marks, would be less than the pension to which the applicant would be entitled if his last official income had been only 2,000 marks, then the pension is increased to the amount that would have been due on the latter basis. An official pensioned on account of disability contracted in the discharge of his duties, and who has served ten years, must always be pensioned to the amount of at least 40 per cent. of his income; but if such official becomes disabled before his thirty-fifth year of life and tenth year of service, the pension may in no case exceed 40 per cent. of his last income.

The expense of the pension system is borne entirely by the State, no contributions being required from officers.

Mr. Robert P. Skinner, United States Consul General in Hamburg, in a report upon the pension system transmitted to this commission offers in conclusion the following interesting comment: —

> The city of Hamburg pays its pensions out of its own resources. The beneficiaries of this system have made frequent attempts since 1884 to secure an amendment to existing legislation, which they do not regard as sufficiently favorable. There are no discoverable differences of opinion whatever in regard to the wisdom of the principle upon which the granting of such pensions is based. The State of Hamburg is admirably served in all its branches, and devotion to duty is secured by careful appointments in the first place, and disciplinary regulations thereafter. These conditions being secured, it is repugnant to the sense of justice of the public at large, and deemed contrary to the interests of the State, to accept the labors of government officials, who are prevented from engaging in profitable business ventures and whose annual incomes are not excessive, without guaranteeing such officers against want when they are no longer physically capable of continuing in such service.

### (g) Nuremberg.

This city has a general system of municipal pensions, which applies to practically all employees of the city. The system is administered through two funds, — the city pension fund and the employees' maintenance fund. All persons in the

employ of the city must contribute to one or the other of these funds and may share in the benefits.

The city pension fund includes the mayor, the city councillors, engineers, clerks, teachers, policemen and so on. The employees' maintenance fund includes firemen, street-car employees, employees of the gas, electric light and water works, janitors, street laborers and other workers.

The amount of the pension under the city pension fund is determined upon a percentage of the official salary. The pension paid to the mayor or to a city councillor, in case of disability occurring during the first year of service, amounts to seven-tenths of the salary; in case of disability occurring during the second year, eight-tenths; from the third to the thirty-ninth, nine-tenths; from the fortieth year on, the full amount of the salary. Officials and employees ranking below the mayor and the councillors receive, if pensioned during the first five years of service, five-tenths of the salary; if during the period from the sixth to the thirty-ninth year, nine-tenths; from the fortieth year on, the full amount of the salary. Widows receive from two-tenths to four-tenths of the salary, according to the length of service of the husband, and an additional allowance for each child under 20 years of one-fifth of the amount of pension.

The city pension fund is maintained by assessments upon the salaries of the prospective beneficiaries, including a lump payment of 10 per cent. of the annual salary when the employee enters the service, and an annual assessment ranging from 2½ per cent. to 3½ per cent. Persons entering the municipal service at 35 years of age or under pay the lower percentage, while those coming in later pay the higher rate. An exception is made in the case of the mayor and the councillors, who are assessed only 1 per cent. on the salary.

This system has been in operation since 1875. United States Consul George N. Ifft states: —

> It is not only generally satisfactory, but is highly praised. A bill for an ordinance is now pending, abolishing all assessments upon the prospective beneficiaries for the maintenance of the pension fund, and placing the entire burden on the city. This is in line with recent

enactments of the Bavarian government in the matter of pensions for State employees, and it will undoubtedly be adopted in due time.

The employees' maintenance fund was established in 1901, to provide for municipal employees who were not included in the city pension fund. In order to participate in the benefits of this fund, a person must enter the service of the city between the ages of 21 and 40 years, and must have paid assessments for at least five years prior to application for a pension, and must be totally disabled. The amount of the pension after five years of service is 30 per cent. of the annual wages, and 1 per cent. additional for each year thereafter, till the pension amounts to 60 per cent. of the wages. Widows receive from one-third to one-half of the amount to which the husband would have been entitled, and an additional allowance for each child under 15 years of age of one-third of the amount of the widow's pension.

The assessments for this fund are graduated as follows: 21 to 25 years of age, 1½ per cent. of the wages; 25 to 30 years, 2 per cent.; 30 to 35 years, 2½ per cent.; 35 to 40 years, 3 per cent.; 40 years on, 3½ per cent. An employee discharged for reasons other than negligence, laziness and the like, receives three-fourths of the amount paid in by him. An employee who leaves the service voluntarily gets no rebate.

### (h) Marseilles.

The pension system of this city provides for all municipal employees, including two classes, as distinguished in the pension act, — indoor or clerical workers, and outdoor or manual laborers. Employees of the former class are pensionable at the age of 60, after thirty years of service; those of the latter class at the age of 55, after twenty-five years of service, which must include fifteen years of outdoor employment. The system also provides for the pensioning of employees for incapacity, regardless of age. Under the provisions for this class of pensions, the following are pensionable: first, employees who have been incapacitated through injuries received in the performance of heroic acts for the public good; second, employees disabled through injuries received

in the discharge of their duty; third, employees of 45 years of age and fifteen years of service on the clerical staff, those of forty years of age and ten years of service on the outdoor staff who are afflicted with a serious infirmity or disease evidently caused by the peculiar nature of their work, and employees who have been discharged for reasons of economy.

The amount of pension is calculated on the basis of the average annual salary. The age pension for clerical workers, after thirty years of service, and for outdoor workers after twenty-five years of service, shall not exceed one-half this salary basis; then for each additional year the pension is increased by 5 per cent. of the half salary. In no case shall the pension exceed two-thirds of the salary basis. The disability pension for employees of the first group, as given above, is one-half of the last salary; for those of the second group, the amount of the pension is calculated upon the basis of the last salary and the nature of the work; for those of the third group, the pension is similar to that of the second. In each case one-sixtieth is added to the pension for each year of service for clerical workers, one-fiftieth for outdoor workers.

The pension fund is maintained by salary assessments and by various other contributions, including the following: first, 5 per cent. of the salary; second, the first month's salary of each new employee; third, the first month's increase of salary in case of a salary raise; fourth, a part of the fines imposed by the municipality; fifth, the revenue from French bonds held by the municipality; sixth, subventions granted by the communal budget.

#### (i) Paris.

The beginning of the municipal pension system of Paris dates back to 1813. The system has been modified by various enactments, the last of which was passed in 1897. In its present form the system is administered under a municipal ordinance of 1882. All employees of the city are eligible to pensions under the conditions prescribed. The right to a pension is granted to: (*a*) employees who have been in the service of the city thirty years, and have reached the age of 60;

(*b*) employees who have served ten years, and are prevented by inability from continuing in the service; (*c*) employees who are injured in the performance of duty, irrespective of age or length of service.

The amount of the pension is determined by the length of service and the rate of wages of the employee. The calculation is based upon the average earnings of the last three years. The pension amounts to one-sixtieth of this average for each year of service up to thirty years; thereafter it is increased by one-fortieth of the average for each year, until the pension amounts to 6,000 francs ($1,200), which is the maximum. The pension for persons injured in the service is one-fortieth of the average wages for each year of service; in no case, however, shall such a pension be less than one-sixth of the average wages. Pensions are granted to widows and orphans at rates proportionate to the pension to which the deceased employee would have been entitled. An employee dismissed or retired for disciplinary reasons loses his claim to a pension.

The cost of the system is borne in part by the city and in part by the employees. The contribution by the latter is 5½ per cent., deducted from the wages during the entire time of service; also, the first month's increase of wages in case of an advance in pay, is taken for the pension fund. The amount contributed by the city is equal to 10 per cent. of the total wages of the employees. The pension fund also has the benefit of certain fines, gifts and subventions.

Concerning the working of the system, United States Consul Dean M. Mason states: —

> The duty of a city to pension its employees is generally accepted in this country, and, on the whole, the system adopted in Paris is generally considered satisfactory.

## VIII.

## GENERAL CONCLUSIONS CONCERNING NON-CONTRIBUTORY PENSIONS, COMPULSORY INSURANCE, AND UNIVERSAL SCHEMES.

### (a) Non-contributory Pensions.

The adoption of any scheme of non-contributory pensions in Massachusetts, or any other American State, seems inadvisable and impracticable. The main reason for rejecting pension schemes of a non-contributory character are, in brief: —

1. The heavy expense. Under the British act, out of a total population 70 years of age and over of approximately 1,270,000, about 667,000, in round numbers, have already qualified for pensions. This is a percentage of rather more than one-half. Applying a similar percentage in Massachusetts, it would be necessary to provide for at least 50,000 persons, under a scheme similar to the British, as the total population of the State 70 years of age and over in 1910 may be estimated on the basis of the census returns of 1905 as approximately 105,000. The amount of the pension granted could hardly, if adequate for American standards of living, be less than $200 per year, or $4 per week. To provide pensions of that amount for half the population 70 years of age and over would cost not less than $10,000,000 per year. That cost is practically prohibitive for any such scheme. It would mean an addition of considerably more than 200 per cent. to the State tax, which is now $4,500,000. The cost of providing pensions of $200 for one-half the aged population 65 years of age and over, which may be estimated at 177,000, would be approximately $17,700,000 annually. This would increase the State tax by about 400 per cent.

2. The enervating influence on character, especially the inevitable discouragement of saving. The thrift habit is extremely hard to build up, and very easy to break down. A non-contributory pension system would weaken the motive to individual saving, and would react unfavorably on character, by lessening the sense of personal responsibility and independence.

3. The disintegrating effect on the family. A non-contributory pension system would take away, in part, the filial obligation for the support of aged parents, which is a main bond of family solidarity. It would strike at one of the forces that have created the self-supporting, self-respecting American family. The impairment of family solidarity is one of the most serious consequences to be apprehended from an experiment with non-contributory pensions.

4. The unfavorable effect on wages. While imposing a heavy tax burden on the industries of the State for the supposed benefit of the working population, a non-contributory pension scheme would, at the same time, exert a depressing effect on wages. In the first place, the establishment of a pension system would tend at the start to attract workers into the State, thus overcrowding the labor market and lowering the wage rate. In the second place, the direct competition of the pensioners would have some tendency, even if a slight one, to reduce wages. In the third place, the indirect effect upon wages of the guarantee of partial public support in old age would be still more unfavorable. The prospect of a pension would tempt and enable workers to offer their services for lower rates. Finally, the increased burden of taxation imposed upon the various industries for the support of the pension system would tend to bring about reduction of wages, through the efforts of employers to shift this burden upon the shoulders of wage earners. In these various ways the establishment of a non-contributory pension system would operate to the economic disadvantage of the wage earners; what they received in the form of a pension would, in the long run, be taken from them in reduced wages.

In this connection it should be emphasized that no argument for non-contributory pensions can be built up on the

contention that wage earners as a class do not receive a living wage. It has been shown that the controversy over this subject cannot be settled conclusively by available statistics.[1] What actually constitutes a living wage, expressed in dollars and cents, and what proportion of the working class really get a living wage, must remain matters of opinion. Even if it were true, however, that the majority of wage earners are not paid enough to make adequate provision for old age, this fact would constitute no reason for the establishment of non-contributory pensions. Indeed, this condition would be rather an argument against the grant of non-contributory pensions, than in favor of such action. The grant of subsidies in aid of wages by the State would not create a genuine living wage. On the contrary, the effect of that policy must be, at the worst, to depress wages still further; at the best, to prevent the advance of wages to an adequate living basis. In short, the problem of the living wage is not to be solved by any short-cut device of supplementing wages by doles from the State treasury. Such a policy, in the long run, would make the economic condition of the working class far worse than under a régime of absolute non-interference on the part of the State.

It is an indisputable fact that during the last half-century the rate of wages has risen. There has taken place also an increase of saving, a reduction of pauperism, and an improvement of the social condition of labor in general. Statistical evidence of the advance of wages, the increase of saving and the reduction of pauperism is abundant.

(*1*) *Advance of Wages.* — In Great Britain, if the number 100 be taken as representing the average wage of certain selected trades in 1891, then the wages in earlier years were as follows[2]: —

| | |
|---|---|
| 1850, | 61 |
| 1860, | 73 |
| 1870, | 83 |
| 1880, | 89 |
| 1891, | 100 |

[1] See pp. 244, *et seq.*

[2] See Bowley, "Wages in the United Kingdom."

In the United States the advance of wages from 1850 to 1890 is shown by the census figures for average annual earnings of persons employed in manufacturing and mechanical pursuits, as follows: 1850, $247; 1860, $289; 1870, $302; 1880, $347; 1890, $445. Wage and price statistics from 1890 to 1907 are given in bulletins of the Bureau of Labor. The number 100, representing the average for the ten years 1890–99, is taken as the base of comparison in these figures. The figures show that both money wages and real wages have risen since 1890; that is, while prices in general have advanced, wages have gone up in even greater degree, thus leaving the wage earner a balance of gain. The following table exhibits the upward movement: —

Wages, Prices, Purchasing Power, 1890–1907.[1]

| Year. | Hours per Week. | Wages per Hour. | Full Time Weekly Earnings per Employee. | Retail Prices of Food, weighted according to Family Consumption. | Purchasing Power Measured by Retail Prices of Food, of — | |
|---|---|---|---|---|---|---|
| | | | | | Hourly Wages. | Full Time Weekly Earnings per Employee. |
| 1890, | 100.7 | 100.3 | 101.0 | 102.4 | 97.9 | 98.6 |
| 1891, | 100.5 | 100.3 | 100.8 | 103.8 | 96.6 | 97.1 |
| 1892, | 100.5 | 100.8 | 101.3 | 101.9 | 98.9 | 99.4 |
| 1893, | 100.3 | 100.9 | 101.2 | 104.4 | 96.6 | 96.9 |
| 1894, | 99.8 | 97.9 | 97.7 | 99.7 | 98.2 | 98.0 |
| 1895, | 100.1 | 98.3 | 98.4 | 97.8 | 100.5 | 100.6 |
| 1896, | 99.8 | 99.7 | 99.5 | 95.5 | 104.4 | 104.2 |
| 1897, | 99.6 | 99.6 | 99.2 | 96.3 | 103.4 | 103.0 |
| 1898, | 99.7 | 100.2 | 99.9 | 98.7 | 101.5 | 101.2 |
| 1899, | 99.2 | 102.0 | 101.2 | 99.5 | 102.5 | 101.7 |
| 1900, | 98.7 | 105.5 | 104.1 | 101.1 | 104.4 | 103.0 |
| 1901, | 98.1 | 108.0 | 105.9 | 105.2 | 102.7 | 100.7 |
| 1902, | 97.3 | 112.2 | 109.2 | 110.9 | 101.2 | 98.5 |
| 1903, | 96.6 | 116.3 | 112.3 | 110.3 | 105.4 | 101.8 |
| 1904, | 95.9 | 117.0 | 112.2 | 111.7 | 104.7 | 100.4 |
| 1905, | 95.9 | 118.9 | 114.0 | 112.4 | 105.8 | 101.4 |
| 1906, | 95.4 | 124.2 | 118.5 | 115.7 | 107.3 | 102.4 |
| 1907, | 95.0 | 128.8 | 122.4 | 120.6 | 106.8 | 101.5 |

[1] See "Bulletin of Bureau of Labor," No. 77, 1908.

Wage statistics for Massachusetts are given in the annual report on the "Statistics of Manufactures." The report for 1907 shows a general advance of wages during the ten-year period 1897–1907. For the purpose of this presentation the wage earners are divided into three classes, according to the amounts of the weekly wages as follows: first, the high-wage class, including wage earners paid $12 a week and over; second, the medium-wage class, including those paid from $8 to $12 a week; third, the low-wage class, including those paid less than $8 a week. It appears that during the ten-year period the proportion of workers in the high and medium wage class increased considerably, while that in the low-wage class declined. For nine leading industries the percentage of workers in the high-wage class was, in 1907, 30.91 per cent., as compared with only 19.21 per cent. in 1897; in the medium-wage class the percentage rose from 29.18 to 37.47; in the low-wage class the percentage fell from 51.61 to 31.62.

(*2*) *Increase of Saving.* — The statistics of savings bank deposits show that there has taken place a notable increase in the number of depositors, the amount of deposits, the average amount of the individual deposits, and the proportion of depositors to the population. The following tables give the figures for the United States and for Massachusetts: —

Statistics of Savings Bank Deposits in United States.

| Year (Nov.). | Number of Depositors. | Total Deposits (Millions). | Approximate Average Amount per Depositor. | Depositors per 100 Population. | Deposits to Each Person of Population. |
|---|---|---|---|---|---|
| 1850, . . . . . | 251,354 | 43 | $170 | 1 | $1 90 |
| 1860, . . . . . | 693,870 | 149 | 215 | 2 | 4 80 |
| 1870, . . . . . | 1,630,870 | 550 | 340 | 4 | 4 00 |
| 1880, . . . . . | 2,335,582 | 819 | 350 | 5 | 6 00 |
| 1890, . . . . . | 4,258,893 | 1,550 | 365 | 7 | 25 00 |
| 1900, . . . . . | 6,107,083 | 2,390 | 390 | 8 | 31 00 |
| 1905, . . . . . | 7,696,229 | 3,093 | 400 | 9 | 38 00 |
| 1906, . . . . . | 8,027,192 | 3,300 | 410 | 9½ | 39 00 |
| 1907, . . . . . | 8,588,811 | 3,495 | 405 | 10 | 41 00 |
| 1908, . . . . . | 8,705,848 | 3,661 | 420 | 10 | 42 00 |

Statistics of Savings Bank Deposits in Massachusetts.

| Year (Nov.). | Number of Depositors. | Total Deposits (Millions). | Approximate Average Amount per Depositor. | Depositors per 100 Population. | Deposits to Each Person of Population. |
|---|---|---|---|---|---|
| 1850, | 78,823 | 13,660 | $174 | 8 | $14 00 |
| 1860, | 230,068 | 45,054 | 195 | 20 | 36 00 |
| 1870, | 488,797 | 135,745 | 277 | 35 | 93 00 |
| 1880, | 706,395 | 218,047 | 308 | 40 | 122 00 |
| 1890, | 1,083,017 | 353,592 | 326 | 50 | 158 00 |
| 1900, | 1,535,009 | 540,403 | 352 | 55 | 193 00 |
| 1905, | 1,829,487 | 662,808 | 362 | 60 | 221 00 |
| 1906, | 1,908,378 | 694,081 | 363 | 62 | 228 00 |
| 1907, | 1,971,644 | 706,940 | 359 | 63 | 229 00 |
| 1908, | 1,973,926 | 709,519 | 359 | 63 | 227 00 |

It should also not be forgotten that there has been a notable development of saving in the form of industrial insurance during the last generation. In 1907 there were 18,849,357 industrial policies in force in the United States, representing insurance to the amount of $2,577,896,941.

(*3*) *Decline of Pauperism.* — The decline of pauperism in Great Britain is shown by figures presented in the report of the Royal Commission on the Poor Laws, 1909. It appears that the average number of persons who received poor relief per 1,000 of the population was[1]: —

31.2, . . . . . in period 1871–79
26.6, . . . . . in period 1880–87
23.8, . . . . . in period 1888–95
22.2, . . . . . in period 1896–1905
22.1, . . . . . in period 1907

In the United States, the number of paupers in almshouses per 100,000 of the population was[2]: —

132, . . . . . in 1880
116, . . . . . in 1890
107, . . . . . in 1903

[1] Report Royal Commission on Poor Laws, 1909, p. 20.
[2] Special report, United States Census: "Paupers in Almshouses," p. 5.

The special United States census report on "Paupers in Almshouses," 1904, states, concerning pauper statistics prior to 1880: —

Although the statistics obtained in earlier censuses do not permit valid comparison, because they include an unestablished number of outdoor poor, while those of recent times exclude all figures except those for inmates of institutions, yet it is worth while to note that the census returns for 1850 give the ratio of 217.1 paupers per 100,000 of population; for 1860, the ratio of 263.8; and for 1870, the ratio of 199. After making due allowance for exaggerations, resulting from the inclusion of non-institutional poor, these ratios still present evidence of a notable decline in the number of almshouse paupers per 100,000 of population since 1850.[1]

The pauper statistics for Massachusetts, given in the annual reports of the State Board of Charity, show a considerable decline in the proportion of almshouse inmates to the population since 1863, the first year for which statistics are given. During the last ten years the population of Massachusetts has increased about 50 per cent., while the total number of paupers has declined slightly, being 28,498 in 1898 and 28,200 in 1908. The following table gives the number in city and town almshouses, and the proportion of the total population[2]: —

Number in City and Town Almshouses.

| Year. | No. of Paupers. | Per 1,000 of Population. |
|---|---|---|
| 1863, | 3,233 | 2½+ |
| 1870, | 2,752 | 2 — |
| 1880, | 3,698 | 2 + |
| 1890, | 4,528 | 2 + |
| 1900, | 4,948 | 2¾+ |
| 1908, | 4,533 | 1½— |

The last annual report of the State Board of Charity, for the year 1909, records the recent closing of six almshouses.[3]

[1] Special report, United States Census: "Paupers in Almshouses," p. 5.
[2] Report of State Board of Charity, 1909, p. 159.
[3] *Ibid.*, p. 5.

It should be remarked that the decline of pauperism shown by official statistics is not to be attributed solely to the increased well-being of the mass of the population. It has been brought about in part by changes in methods of dealing with the dependent and defective classes. Formerly, the almshouse was practically the only refuge for unfortunates of every description. Now, other institutions of relief provide for many persons who otherwise would be forced to become inmates of almshouses. The number of hospitals, asylums, homes and other institutions has multiplied during the last generation. Other factors in the diminution of the almshouse population are pointed out in the United States census report on "Paupers in Almshouses," by Mr. John Koren: —

> More adequate legislation governing almshouses and better methods of administration have also contributed toward a diminution of the almshouse population. Finally, recent years have witnessed an extraordinary development of rationally organized charity work, chiefly of a private nature, which has striven with telling effect to make the poor self-helping, and to distribute destitute children among families, thus saving so far as possible the dependents from institutional life.[1]

Due allowance for the influence of these contributing factors does not, however, destroy the significance of the decline of pauperism as an index of a rising standard of wages and living, and an advance in resourcefulness and independence throughout the population.

In this connection, the fact disclosed by the report of the British Royal Commission on the Aged Poor that the number of indoor paupers, or almshouse inmates, in proportion to the population, has increased in Great Britain since 1900 is highly significant. The last annual report of the Local Government Board shows also an increase of the number of indoor paupers of all ages during the last six months of 1908.[2] The report of the Royal Commission on the Aged Poor connects this recent increase of indoor paupers with the movement for old age pensions, which culminated in the en-

[1] Special Report, United States Census, "Paupers in Almshouses," p. 9.
[2] Thirty-eighth annual report of the Local Government Board, 1908-09, p. 12.

actment of the old age pension law of 1908. Regarding the causes of the increase, this striking statement is made: —

> The chief of these we consider to be the growing attractiveness of poor law institutions, and the tendency, consequent upon the old age pensions movement, to regard outdoor relief as a pension. It has been suggested that a cause may be found in the weakness of a sense of filial responsibility in the present generation; but, in our opinion, the increase of aged pauperism and the decrease in filial duty are both alike effects of a common cause; viz., the general feeling that the State is able and willing to make provision, and even lavish provision, for parents whose sons fail to support them. We believe that if the position is clearly defined, and a consistent policy laid down both as to pensions and poor law relief, the natural feeling between parents and children will again assert itself. Meanwhile, we consider it important to remember that the proportion of those who actually receive poor law relief, even under its present conditions, is but small. According to our census for 1906, the paupers over 60 years of age (excluding casuals) were only 14.8 per cent. of the total population of that age, leaving 85.2 per cent. otherwise maintained. We consider it of paramount importance that any steps which are taken with a view to assisting the 14.8 per cent. shall not be such as will diminish the resources by which the 85.2 per cent. are now maintained.[1]

(*4*) *Further Considerations.* — The process of social betterments clearly manifest in the advance of wages, the increase of saving and the decline of pauperism, will continue, unless the forces that have been bringing it about are undermined by unwise social legislation. The main force to be conserved here is the spirit of individual initiative, independence, responsibility, self-reliance and ambition among the people at large. An experiment with non-contributory pensions would strike directly at this mainspring of social progress. The number of the deserving poor who really need pensions is, fortunately, not large in this State. By establishing a pension system for the benefit of the few who may perhaps need such aid, the State would strike a blow at the resources of thrift, individual responsibility and family integrity, which have enabled the great majority of the population to maintain themselves in self-supporting indepen-

[1] Report of the Royal Commission on the Aged Poor, pp. 177, 178.

dence. In the impatient effort to help things forward at a faster pace, we should, by attempting an experiment with non-contributory pensions, immediately retard and ultimately reverse the process of social betterment.

The disastrous check to the process of social betterment which must result from an experiment with non-contributory pensions has been clearly pointed out by the Hon. W. E. H. Lecky, in these words: —

> The first and most vital condition of any sound legislation for the relief of poverty is that it should not impair these industrial qualities, or weaken these vast voluntary organizations of self-help which are their result. Can it be said that the old age pension policy is compatible with this condition? It proposes to open, in addition to the existing system of poor relief, a new fund, amounting to many millions of pounds a year, and drawn from compulsory taxation, for the purpose of subsidizing simple poverty; a fund to which it is to be rather creditable than otherwise to resort; a fund which is intended to deal, not with exceptional calamity, but with that which springs from the mere efflux of time, and which is, beyond all others, the most normal and most easily foreseen. It proposes to teach the whole working population to look to the State, and not to themselves, for the provision for their old age and for the old age of those who might be dependent on them, and thus to destroy the most powerful of all motives to thrift, the very mainspring of productive and self-sacrificing industry. And it proposes to do this at a time when wages are higher than they have ever been before; when voluntary societies for securing the poor from want are flourishing and increasing as they have never done before; when the rapid decline of pauperism is one of the most marked and most universally recognized signs of national improvement. Can it be seriously believed that the addition of many millions a year to the State funds directly employed in the relief of poverty will, in the long run, tend to diminish pauperism or to encourage self-reliance and thrift?[1]

In similar vein it has been well said by another critic of the policy of non-contributory pensions: —

> The establishment of such a system would constitute a definite abandonment of the hope that any large proportion of the poor will ever be able to provide for their old age, by the improvement of wages and increase in their sense of responsibility.[2]

[1] W. E. H. Lecky, article in "Forum," February, 1900, pp. 694, 695.

[2] "Old Age Pensions: a collection of Short Papers," p. 12.

A non-contributory pension system is simply a counsel of despair. If such a scheme be defensible or excusable in this country, then the whole economic and social system is a failure. The adoption of such a policy would be a confession of its breakdown. To contend that it is necessary to take this course is to assume that members of the working class either cannot earn enough, or cannot save enough, to take care of themselves in old age. If that be true, then American democracy is in a state of decay which no system of public doles could possibly arrest, but would rather hasten.

The investigation carried on by this commission has not revealed the existence of any general demand for the establishment of non-contributory pensions. The weight of opinion expressed at the public hearings held in various parts of the State, at the private sessions of the commission, and in letters from employers throughout the State, has been against non-contributory pensions. In England, the present pension scheme was adopted in response to a practically irresistible pressure for such action. Fortunately, no pressure of the kind has thus far been felt in this State. In the absence of an effective demand for legislation of this character, it is at least premature to consider any scheme of non-contributory pensions.

**(b) Compulsory Insurance.**

The adoption of any scheme of compulsory insurance in this State appears to be inexpedient at the present time. The practical objections to the principle of compulsion are weighty. The idea itself is essentially distasteful to Americans. In England it was abandoned as quite out of the question, in view of the prejudice against compulsion. In this Commonwealth this practical objection is reinforced by constitutional difficulties that stand in the way of any workable scheme of compulsory insurance. In view of these conditions, it would be futile to recommend any compulsory insurance system at this time. Whatever the outcome of American experiments with social insurance may be, whether in the direction of the final establishment of compulsory systems, or the extension of voluntary schemes, the introduction of the former can hardly be seriously considered now. In

any event, long training in the development of voluntary insurance agencies seems desirable, to furnish the preparation and foundation for any scheme of State insurance, if such should be found ultimately necessary and desirable.

It is conceivable, however, that the final solution of the problem of old age insurance may be found in some system of obligatory State insurance. That is the conclusion to which many impartial students of this subject have come. For example, the authors of the two most recent works in English dealing with this subject, Prof. Charles R. Henderson and Mr. Frank W. Lewis, are in substantial agreement that nothing short of obligatory State insurance will solve this problem.

The various schemes of insurance thus far put into operation in this country are regarded by Professor Henderson as the beginnings of a movement toward obligatory insurance. He writes: —

> The cities have already recognized their duty to care for the policemen, firemen and teachers; and it will be difficult to answer the question of other employees of cities, many of them far more in need of protection, why they should not be included. The nation and the States have already declared it to be our duty to shelter the aged and wounded soldier; why should the victims of the "army of labor" be neglected? They also have served their country in occupations even more dangerous and destructive than war, and quite as useful. Public poor relief has already acknowledged the duty of the community to support its members who are incapable of labor; but experience has taught that this method tends to humiliate and degrade the recipients, and it is manifestly better from every point of view to prevent the need of appeal to poor relief by creating an insurance fund, so far as this is possible.[1]

Professor Henderson quotes with approval the following remark of Dr. Zacher, perhaps the leading authority in Europe on the subject of workingmen's insurance, as applicable with full force to the United States: —

> Those lands have approached most nearly the ideal of care for all working people which have committed themselves to compulsory

[1] C. R. Henderson, "Industrial Insurance in the United States," 1909, pp. 308, 309.

insurance. With compulsory insurance laws the end is reached in a comparatively short time; while even with State subsidies voluntary plans have helped only a part of the population imperfectly, and those who most need the protection of insurance not at all.[1]

Professor Henderson concludes: —

Our problem is essentially the legal question: How can we introduce obligatory insurance in this country without conflict with our written constitutions and with the traditions of the court?[2]

Mr. Lewis reaches the conclusion that State insurance is desirable and inevitable; that the insurance must be compulsory; and that it should be contributory, the cost being borne entirely by the insured. He writes: —

If you reject as unscientific and in the broadest sense impracticable the schemes outlined in recent legislation, what fundamental principle shall be applied to further objects? The answer can be comprehended in the sentence: They must be contributory, and they cannot be made effectually contributory without compulsion. . . . If, then, there must be insurance against old age and invalidity, and if it must be contributory and compulsory, how shall the charges be met? There can be but one logical answer: The cost must be borne by the industry which consumes the labor.

In favor of compulsion, Mr. Lewis argues as follows: —

The State should not invoke compulsion for trivial reasons; but when large interests are involved, concerning the welfare of the greater portion of its inhabitants, and a desired end can be accomplished only through compulsion, it ought not to hesitate. Is the insurance of workmen of such importance and urgency as to justify compulsion on the part of the State to secure it effectively? Such insurance cannot be made general in its application without compulsion. No form of persuasion could be effectively employed by the State which would not involve features far more objectionable than compulsion. As long as any scheme is entirely voluntary it will be evaded by the person and the class who most need insurance; the evasion of one would weaken those nearest him socially, and the contagion of improvidence would spread to the thrifty. Any plan for State insurance, purely voluntary, would show in its operation the

[1] C. R. Henderson, "Industrial Insurance in the United States," 1909, p. 311.
[2] *Ibid.*, p. 312.

same defects which make all existing insurance institutions unsatisfactory. But it might be confidently expected, even if there had been no demonstration of the fact elsewhere, that compulsory insurance, when fully understood and appreciated, would result in the ready acquiescence of those concerned, as has been the result in the case of many obligatory laws. . . .

It is premised that there is no compulsion upon the willing. The law-abiding citizen is not conscious of any restraint under laws against disorder or crime; the thoughtful citizen does not resent the regulations which require him and his neighbors to do that which they should cheerfully unite in doing for the common good. We are accustomed by the long practice of civilized nations to a great variety of laws which are made obligatory for the benefit of all. We have compulsory education, compulsory sanitary and quarantine regulations, compulsory requirements respecting the spread of noxious insects and plants, compulsory contributions for the support of the poor. These all rest lightly on the orderly and patriotic citizen; rather he looks upon the State as highly beneficent which secures to him all of the privileges which can be secured only by establishing uniformity of action by law of the general weal. He does not feel the tyranny of law, but realizes his ideals of liberty which can be gained only under law.[1]

It should be pointed out that the compulsion contemplated by these writers, and by others who hold similar opinions regarding the ultimate solution of this problem, consists in enforcement upon the individual of the obligation of self-support; that is, the obligation to provide for old age is recognized as resting upon the individual, and not upon the State. It may be that eventually the State will undertake to enforce this obligation upon the individual by law. The State may, in the interest of all, say to the individual: "You shall provide for your old age through saving made easy by a system of insurance established by government, in order that the general welfare may not be disturbed by your coming to the State for support in your old age." The principle of compulsory education has been adopted and widely extended. The principle of compulsory sanitation has been applied in various directions. The principle of compulsory insurance might be defended as a needful measure of further State interference for the protection of society against

[1] Frank W. Lewis, "State Insurance," 1909, pp. 167–169.

the burden of old age pauperism, precisely as compulsory education and compulsory sanitation have been instituted to protect society against ignorance and disease. A system of State insurance thus grounded would be based on the principle of enforced obligation on the part of the individual to insure himself, and not on that of recognized duty on the part of the State to pension all worthy citizens. The British and Australian pension systems are based on the latter principle, involving the doctrine that a citizen may claim a pension from the State as a civil right. That doctrine is distinctly un-American. The opposite principle of obligatory insurance, as here interpreted, is the only one that could possibly be harmonized with the American condition, traditions and ideals of to-day.

**(c) Universal Schemes.**

The question whether any pension system that might be adopted should be universal or partial need not be discussed at length. The commission has reached the conclusion that if any new pension scheme were to be instituted in this State at the present time it should be contributory and voluntary. The question whether such a scheme should be universal or partial as regards the conditions laid down for participation, therefore, becomes relatively unimportant; that is to say, if a non-contributory scheme were to be adopted, or if compulsory insurance were to be tried, the question of whether the system should be universal or partial would be of vital concern. But if the system under consideration is contributory and voluntary, the question of whether it shall be universal or partial is far less urgent. It is obvious that the benefits of any voluntary contributory system should be extended to all persons who may be able and willing to take advantage of its permissive provisions, especially wage earners. Therefore, so far as the conditions of participation are concerned, the scheme should be universal in scope, in the sense that all persons in need of the opportunities for providing against old age thus offered may be allowed to take advantage of its provisions. Whether in practice the scheme

would become universal must, of course, depend upon the degree to which wage earners could be induced to avail themselves of its benefits. As a matter of fact, experience with voluntary contributory schemes points to the inevitable conclusion that such a system never could become universal in its application.

## IX.

## CONCLUSIONS AND RECOMMENDATIONS CONCERNING PENSIONS FOR MUNICIPAL AND OTHER PUBLIC EMPLOYEES.

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The problem of providing pensions for municipal employees has been urged upon the attention of the commission by representatives of the city government of Boston and of other cities, and by representatives of the organized employees as well. The present practice of keeping on the municipal pay roll superannuated workers who have lost their effectiveness means waste of the tax payers' money and demoralization of the working force. Considerations of economy and efficiency, not to mention other motives, demand the establishment of municipal pension systems. These considerations are even more imperative in the case of the municipality than in that of the private corporation, for political influences come into play to prevent the discharge of city employees who have outlived their usefulness. We therefore recommend the passage of a bill to authorize the cities and the towns of this Commonwealth to establish retirement systems for their employees, and we submit with this report a draft of such a bill for consideration by the General Court.

The same considerations that make for the expediency of pensioning municipal employees hold also in the case of other public employees, — those in the service of the State and the counties. Accordingly, we recommend further the enactment of bills providing for the establishment of retirement systems for State and county employees, and we submit with this report drafts of such bills, for the consideration of the General Court. The three bills, providing for the retirement of municipal, of county and of State employees, respectively, are identical in their essential provisions.

The retirement scheme embodied in these bills is based

on certain well-defined principles, which, in our judgment, should guide future legislation on this subject. These principles may be briefly stated thus: —

1. The scheme is contributory; a part of the expense is borne by the beneficiaries. This principle we believe to be fundamental and vital. The objections to non-contributory pensions which seem to be most weighty in their bearing on the case of public employees are: —

(*a*) The heavy expense. This objection is an especially weighty one, in view of the large increase of public expenditure and public indebtedness in Massachusetts during recent years. The incurrence of the heavy expense that would be involved by the payment of non-contributory pensions is needless, for public employees can well afford to pay at least some part of the cost of a retirement system.

(*b*) The unfortunate effect of encouraging the adoption of non-contributory pension schemes by employees of labor and the demand for non-contributory pensions to be paid by the State to all aged persons. Any non-contributory pension system must exert a depressing effect on wages, a demoralizing reaction on character and a disintegrating influence on the family. A policy that threatens social consequences of so sweepingly harmful a character is not one that the State, the county, the city or the town, as an employer of labor, can afford to sanction.

For these reasons, we hold that any legislation on the subject of pensions for public employees should be based on the contributory principle. The dubious policy of non-contributory pensions should not be encouraged by the example of the municipality or the State. It is true that much of the existing pension legislation for firemen, policemen and teachers is based on the non-contributory principle. There are, however, special features attaching to these occupations, that may perhaps, justify, or at least excuse, the payment of non-contributory pensions to employees of these classes. These occupations involve a degree of danger, devotion and sacrifice that does not attach to ordinary employment in the public service. In any event, whatever may be done in the future toward the extension of pension provisions for all classes of public employees should be on the contributory basis.

On the other hand, the scheme embodied in bills presented by the commission is not wholly contributory. The expense is divided between the employees and the State, county, city or town in approximately equal proportions. It is just and right that the State, county, city or town should contribute something to the funds out of which pensions to superannuated employees are paid. Such contributions should be regarded as in the nature of extra compensation for long, faithful and efficient service; that is, in addition to the payment of current wages, the public employer pays a special extra allowance to workers who remain in the service a certain period of years and reach a certain age. This is the logical justification for contributions to pension funds by employers of labor, whether private, corporate or public.

2. The scheme is co-operative; the employees share in the management of the retirement system. Furthermore, they are guaranteed certain definite contractual rights. The payments cannot be withdrawn or discontinued by the employer at will, as in the case of most non-contributory pension systems established by private corporations. The proposed retirement scheme for public employees is not autocratic and arbitrary.

3. The scheme is compulsory in its application to employees who enter the service after its adoption. This degree of compulsion seems essential to the success of any pension system. It can hardly work any hardship or cause any grievance in the case of any employee. The person who does not wish to submit to an assessment upon wages, for the provision of a retirement allowance for himself, may decline to take service with the State, county, city or town. If he enters the service, he accepts the compulsory assessment upon wages as one of the conditions of the employment. For employees already in the service when the scheme goes into operation, participation is voluntary. Certain features of the plan, however, render it so attractive for employees of this class that the majority would doubtless elect to participate.

Regarded from the point of view of these fundamental principles embodied in the scheme, it might be described as a system of compulsory old age insurance for public employees, on a contributory and co-operative basis.

Such are the underlying principles of the scheme. In laying down the details of the plan, the commission has made use of the Boston & Maine pension act, chapter 435, Acts of 1909, and the municipal pension bill based upon this act, House No. 1448, which was introduced in the last Legislature. The scheme, as finally formulated by the commission, differs from these measures, however, in important particulars. Its main details are as follows: —

Provision is made for the creation of an annuity and pension fund by joint contributions of employer and employee. The contributions of the latter are limited to a maximum of 5 per cent. of the wages; the former contributes an equivalent amount.

In general, each employee who is retired under the provisions of the plan receives an annuity of such amount as his contributions have earned for him, and, in addition, a pension of equivalent amount provided by the contributions of the State, county, city or town. In no case shall the combined sum of annuity and pension paid to an employee be less than $200 per year.

Retirement may take place for old age, for long service or for permanent disability. The age of voluntary retirement is fixed at 60; of compulsory retirement, at 70; a period of fifteen years of continuous service is also required as a condition of retirement for age. Retirement for long service may take place after thirty-five years of uninterrupted employment. Retirement for permanent disability may take place at any age or after any period of service.

The amount of the retirement allowance, including annuity and pension, depends on the wages of the employee, the rate of contribution and the length of service. To illustrate: in the case of an employee entering the service at 25 years of age and contributing regularly to the pension fund at the rate of 5 per cent. from an average annual wage of $800, the amount of retirement allowance at the age of 60 would be approximately $600, including $300 annuity and $300 pension.

Special provision is made for persons already in the employ of the State, county, city or town when the scheme comes into operation. Such employees would otherwise not be ade-

quately pensioned under the regular working of the contributory principle. In addition to pensions for subsequent service, therefore, pensions for prior service are provided. Under the latter provision, any member of the retirement association who reaches the age of 60 years, after fifteen years of continuous service, and retires or is retired, receives, in addition to the regular allowance to which he may be entitled, an extra amount paid by the State, county or city or town, equal to the amount of the annuity that he might have earned if the retirement system had been in operation when he entered the service, and if he had made regular contributions from that date to the time of its establishment. Furthermore, employees who had reached the age of 60 when the system was established, and also employees who had reached the age of 55, and became members of the association, may be retired with pensions for prior service without having completed the otherwise necessary service period of fifteen years. Thus, provision is made in the scheme both for present and for future employees, with the single exception of persons entering the service after the age of 55. Persons of that age cannot acquire a right to an annuity and pension, because they cannot attain the service period of fifteen years, fixed in the bill, before the age of compulsory retirement, namely, 70 years. Participation in the scheme is, therefore, prohibited to persons of this age. This seems desirable, in view of the effect that it may be expected to have in discouraging the future employment of persons of advanced age.

The scheme provides for refunding amounts contributed by employees who leave the service of the State, county, city or town. In case of withdrawal from the service for any cause other than death, all the money paid in by the employee, with regular interest, is refunded. In case of death, all the money paid in, with the interest earned on the deposits, is paid to the legal representatives of the deceased.

The machinery for administering the scheme includes a retirement association and a board of retirement. Membership in the association is compulsory for all new employees except those who have already reached the age of 55, and

voluntary for present employees. The board is made up of three members, of whom the first is the State, county, city or town treasurer, *ex officio;* the second member is elected by the retirement association; and the third member is chosen by the other two, or, in case of the failure of the latter to agree, appointed by the Governor, the chairman of the county commissioners, the mayor or the chairman of the board of selectmen, as the case may be. The general management of the retirement system is in the hands of the board. The latter is empowered to make regulations, classify employees and fix different rates of contribution for the various classes, subject to the maximum and minimum limits fixed in the bill, and to retire employees for age, long service and permanent disability, according to the conditions prescribed. The treasurer is entrusted with the custody and investment of the funds of the retirement system.

The retirement system for city and town employees is to go into effect only when adopted by referendum vote of the citizens; a referendum provision is also embodied in the retirement bill for county employees; the retirement system for State employees becomes operative when enacted by the Legislature.

The scheme is placed under the supervision of the State Commissioner of Insurance as regards the chief actuarial and administrative features. The Insurance Commissioner is to prescribe the mortality and other tables, the rates of interest to be used in connection with the tables, and the methods of bookkeeping of the association. He shall also make an annual inspection of the affairs of the retirement system, and shall report the result in a manner provided in the bill. While the board of retirement is given adequate powers of home rule in the management of the retirement system, the supervision by the Insurance Commissioner provides for a reasonable degree of uniformity and publicity in the administration of all the retirement systems that may be established under the bills.

## X.

## FINAL CONCLUSIONS AND RECOMMENDATIONS.

We find that serious practical difficulties stand in the way of the establishment of any general system of old age pensions by this Commonwealth or any single State. Such action would place a heavy burden of taxation on the industries of the State, and thus put them at a disadvantage in competition with the industries of neighboring States unburdened by a pension system. It would also tend to attract workers into the pensioning State, and thus to depress the rate of wages. In view of these and other considerations, it is the opinion of the commission that if any general system of old age pensions is to be established in this country, this action should be taken by the national Congress, and not through State legislation. This course of action was suggested by His Excellency Governor Eben S. Draper, in his inaugural address of 1909, as follows: —

> I would suggest for your consideration whether, if any general old age pension scheme were ever to be enacted, it would not be wise to have this a national proposition, rather than something to be done by an individual State. We are all citizens of one country, and if our State should take up this matter for consideration, and some States do nothing, and others adopt one scheme, and still others a different one, it would produce a situation which, to my mind, would not be practical or wise.

In harmony with this suggestion, the commission holds that it would be inexpedient for Massachusetts or any other State to adopt a general system of old age pensions, either at the present or at any time in the future. Other special considerations have had weight in determining the decision of the commission not to recommend general legislation on this subject at the present time.

The foremost consideration is the fact that Massachusetts is definitely committed, by the savings bank insurance act of 1907, to an experiment with voluntary insurance under public administration. The savings bank insurance plan should be given abundant time to test its practicability and adequacy as a solution of this problem. We are of the opinion, accordingly, that it would be premature and inconsistent to experiment with any non-contributory or compulsory scheme until the savings bank insurance system has been allowed ample opportunity to demonstrate its full effects.

It seems desirable, furthermore, that the problem of sickness and accident insurance should be dealt with before enacting any additional measures of general legislation concerning old age pensions or insurance. In particular, the present provisions of law relating to compensation of workingmen for industrial accidents are admittedly unsatisfactory in Massachusetts and other American States. Logically, the problem of sickness and accident insurance takes precedence over the question of old age insurance. So far as effective provision is made for insurance against sickness and accident, dependency in old age is diminished, for the main causes of the latter are illness and disability in earlier life. Historically, the legislation with reference to sickness and accident insurance in Germany antedated that relating to old age insurance. The sickness insurance was established in 1883, the accident insurance in 1884, and the old age insurance not till 1889.

Finally, there is no considerable demand in this State for the establishment of a general scheme of old age pensions or insurance. The hearings held by this commission in various cities of the State have not revealed any active interest in this question on the part of the citizens. The attendance at these hearings was small, and the expressions of opinion in the main were of a general character. There is no alarming amount of old age destitution in this State, such as existed in England and other countries of Europe at the time of the adoption of old age pension systems. The comparative statistics of pauperism in Great Britain and Massachusetts, for example, show a strikingly small proportion of old age dependency in this Commonwealth, as con-

trasted with Great Britain. The number of paupers of all ages per 1,000 of the population is only 8.5 in Massachusetts, as contrasted with 24.2 in the United Kingdom; the number of paupers 65 years of age and over per 1,000 of the population of the same age is only 31.7 in Massachusetts, as against 172 in the United Kingdom; and, finally, the percentage of paupers 65 and over in the total pauper population is only 20.3 in Massachusetts, as compared with 35 in the United Kingdom.[1] The existing agencies for the relief of old age destitution in the State are abundant and adequate, and in the non-dependent portion of the aged population there is not a sufficient amount of poverty and distress to call for the institution of any sweeping scheme of relief through pensions. Social legislation cannot safely proceed far in advance of public opinion and social conditions.

These considerations lead to the conclusion that any recommendation of general legislation on the subject of old age pensions or insurance would be premature at the present time. The proper course of action for American States for the immediate future, in dealing with the problem of old age dependency, was suggested by President Roosevelt in his annual message of December 8, 1908. He said: —

> I call your attention to the fact that definite steps toward providing old age pensions have been taken in many of our private industries. These may be indefinitely extended through voluntary association and contributory schemes, or through the agency of savings banks, as under the recent Massachusetts plan. To strengthen these practical measures should be our immediate duty; it is not at present necessary to consider the larger and more general governmental schemes that most European governments have found themselves obliged to adopt.

In the line of this policy, the following constructive recommendations are offered by the commission: —

1. In order to promote independent individual saving and strengthen voluntary thrift agencies, we recommend that "thrift" be included among the subjects of compulsory instruction in the public schools of this Commonwealth. Whatever solution of the problem of old age pensions may ulti-

[1] See table, p. 44.

mately be settled upon, it is certainly most desirable to take every practical measure to encourage habits of saving throughout the population. The teaching of "thrift" in the schools should deal with the individual and social ethics of saving in general, and should also illustrate the principles of insurance and investment in particular. The arithmetic of saving could be taught effectively by using mathematical examples in the school texts, which should bring out clearly the methods of saving and investing money. This recommendation is not a theoretical one, for the subject of "thrift" has been taught effectively in the public schools of European countries, notably in France and Germany.

2. We commend to the attention of employers and employees throughout the Commonwealth the opportunities for the purchase of insurance and annuities offered by the Massachusetts savings bank insurance department. It is obvious that the degree of success ultimately attained by this experiment in voluntary insurance under State guarantee must depend upon the co-operation and support of wage earners and employers throughout the State. By reason of the security and the cheapness of the insurance provided, this plan holds out exceptional advantages to the working people of the State. The first full year of operation of the system has been conspicuously successful. The two savings banks which have established insurance departments have maintained their guaranty funds and have paid interest upon them, and in addition have distributed a dividend of 8⅓ per cent. to policy holders.[1] This record justifies the commission in urging the opportunities afforded by this system upon the consideration of employers and employed.

3. We also commend to the consideration of corporations of a permanent character, with a large staff of employees, especially public service corporations in the cities, the schemes of old age insurance and pensions which have been instituted by various large concerns. Corporations of this class can safely undertake far-reaching projects for the welfare of their working force, which would be impossible in the case of small establishments. Several plans are presented in this

[1] See p. 200.

report for the consideration of employers who may contemplate the adoption of a retirement system. Whatever plan may be adopted by employers should, in our judgment, be based on the contributory principle. It is doubtful wisdom for private employers, as for the State, to pay non-contributory pensions.

Under the existing provisions of the insurance laws, however, it would presumably be impossible for an employer in this State, whether an individual or a corporation, to establish a contributory pension system for employees. Any arrangement for the creation of a pension fund through joint contributions of employer and employee would probably come under the provisions of law relating to insurance contracts. It would, therefore, seem to be necessary for an employer wishing to establish a contributory pension scheme to obtain authorization by special act of the Legislature. It seems desirable that general legislation should be enacted, to resolve all doubt regarding the legality of establishing contributory pension schemes, and to make it possible for employers and employees to institute such plans without the necessity of special appeal to the Legislature for authorization. The commission, therefore, recommends the enactment of a general law authorizing employers and employees to form associations for the payment of annuities or pensions out of funds created by joint contributions of the two parties, under the supervision of the Insurance Commissioner of the Commonwealth, and presents a bill for this purpose.

4. We would, furthermore, direct attention to the new opportunities for old age insurance offered by industrial insurance companies. This insurance has been greatly cheapened and improved during the last year.[1] In order to improve still further the facilities for insurance supplied through these agencies, the commission has been asked to recommend the passage of a bill authorizing life insurance companies to issue insurance at special rates of premium to members of unions, lodges and other societies, or to employees who may take out insurance in aggregate of not less than 100 persons, and arrange for the payment of the premiums without ex-

[1] See pp. 179 *et seq.*

pense to the company. The commission recognizes the advantages which this plan offers in the way of reducing the cost of insurance to working people. Nevertheless, it is unable at the present time to advise the general court to pass such a measure. Objection to such action has been raised on the ground that the "group insurance" plan would create undesirable competition with the savings bank insurance. While such competition might be advantageous rather than detrimental, if the savings bank insurance system were an old established institution, it seems undesirable, under existing conditions, while the system is in process of development and extension, to take any action which might hamper its operations or jeopardize its success. For this reason, the commission is of the opinion that the passage of legislation enabling life insurance companies to issue "group insurance" at special rates would be inexpedient at this time.

5. We suggest that in due time the laws governing the operation of fraternal beneficiary corporations be amended so as to enable these societies to pay old age benefits under supervision by the State Insurance Commissioner as regards rates of assessment and methods of administration. The present provisions of law applying to these organizations do not recognize the payment of old age benefits as one of the functions of such societies. Certain unimportant exceptions are made in the case of domestic fraternal beneficiary corporations, which permit the payment of long service benefits, substantially identical with old age pensions. No exceptions whatever are made in the case of foreign fraternal beneficiary corporations. A petition for legislation to enable these societies to establish old age benefit features has been presented to this commission by a committee of one of the fraternal orders. We are of the opinion that the proposed legislation would bring about a desirable extension of the facilities for voluntary insurance against old age in this State. We do not, however, submit a draft of a bill providing for such amendment, for the following reasons. The subject of uniform State legislation for the control of fraternal orders is now under consideration by a committee of the National Convention of Insurance Commissioners. A bill has been drawn by

this committee, one feature of which is a permissive provision relating to the payment of old age benefits. This measure, as finally revised after a hearing of representatives of the fraternal orders, will be submitted to the next convention of the insurance commissioners, which will be held in October, 1910. It seems obviously desirable to await the action of the convention embodying a proposed uniform law for the regulation of the fraternal orders before enacting any legislation on this subject in Massachusetts. Whatever legislation is adopted in this State should be formulated in the light of the fullest attainable information, and should be made uniform, if possible, with the legislation in other States. While commending the policy of conferring upon fraternal orders the authority to pay old age benefits under proper restrictions, the commission advises the Legislature, for the reason stated, to defer action on this question until the report of the National Convention of the Association of Insurance Commissioners, with the draft of the bill, shall be made public.[1]

6. We recommend the enactment of measures providing for the establishment of retirement systems for public employees. The reasons for such action have been fully stated in a previous chapter of this report. The fundamental consideration is one of economy and efficiency. The retirement system will stop the waste and demoralization now involved by the continuance of worn-out workers in the public service. The retirement system for employees of the State, counties, cities and towns of the Commonwealth, embodied in bills submitted by the commission, is based upon the contributory principle. The present pension legislation for certain classes of municipal employees based on the non-contributory principle we believe to be unwise. We are of the opinion that all further legislation in this field should be based squarely on the contributory principle, and that future em-

[1] The committee which brought this question to the attention of the commission, proposed the following amendment of section 1 of chapter 119 of the Revised Laws to provide for the issue of old age benefits, according to the plan proposed by their order: "Section 1. Seven or more persons, residents of this commonwealth, may form a fraternal beneficiary corporation for the purpose of providing for the payment of benefits in the case of death or disability or of both. The disability may be temporary or permanent and the result of sickness, accident or old age, provided the period in life at which disability benefits on account of old age commences shall not be under seventy years." (Remainder of section as at present.)

ployees of the State, counties, cities and towns of all classes should be brought under the provisions of a general contributory retirement system.

7. Finally, we advise the General Court to pass an act providing for the establishment of a permanent unpaid commission on old age pensions and insurance. We believe this subject to be of sufficient importance to justify the creation of a special department, to deal with it in comprehensive and systematic fashion. The functions of such a commission, definitely stated, would be: to act as a bureau of information and assistance for employers and employees, municipalities and counties, with a view to aiding and advising them regarding the establishment of retirement systems; to study the operation of schemes of old age insurance, annuities and pensions in other States and countries, and the proposals for new legislation on this subject, and to keep the Legislature and the public informed concerning these matters, through annual reports; to inquire into the working of existing agencies in this State for the provision of pensions, annuities or insurance for the aged, and to offer such recommendations regarding further action as they may deem expedient; and to collect official reports, statistical matter and other literature on the subject of old age pensions, annuities and insurance. The commission would continue the work of investigation begun by the present commission. The legislation on this subject in different States and the schemes for dealing with the problem of superannuation instituted by employers of labor are in process of constant development. It would be a distinct advantage to this Commonwealth if the experiments in this field could be followed and reported regularly by a State commission.

The fundamental purpose of the recommendations thus offered is to promote the habit of thrift and to extend the usefulness of agencies that furnish opportunity to provide, by individual saving, against old age. Thus far only a beginning has been made in this field. Until the possibility of existing thrift institutions has been developed to the limit of their effectiveness, it is premature to consider resort to

non-contributory State pensions or compulsory State insurance. Whatever the ultimate policy may be which the American States will work out in this field of social legislation, it is obviously desirable to build up, by every practical expedient, the habit of voluntary saving and the facilities provided for its exercise. Even if it should appear eventually that these means are inadequate to the final solution of the problem of old age dependency, the development of such thrift agencies will furnish a solid foundation upon which to build a general scheme of State pensions, annuities or insurance.

MAGNUS W. ALEXANDER, *Chairman.*
JAMES T. BUCKLEY.
ARTHUR M. HUDDELL.
WALTER G. CHASE.
MAHALIE R. HODDER.

## DISSENTING STATEMENTS OF JAMES T. BUCKLEY AND ARTHUR M. HUDDELL.

We desire to express our dissent from the recommendation of the majority of the commission that legislation be passed to enable employers in this State to establish retirement, annuity or pension associations for their employees. It seems to us that there is no extensive demand for such legislative action, and that such legislation is unnecessary and therefore harmful. We would call attention to the fact that the State has already provided, through the department of savings bank insurance, an agency by which employers and employees may provide for retirement pensions, supported by joint contributions from the two parties. A group of employers and employees who may wish to establish a system of retirement pensions may, upon application to the savings bank department, arrange for the issue of annuity policies to the employees under conditions by which the premiums are deducted from wages and paid regularly by the employer to the bank, with a contribution by the employer to the amount of one-half, one-quarter, or any other percentage of the premium that may be agreed upon. This system of savings bank insurance is a State institution of absolute security, which offers the opportunity to employers and employees desiring such an arrangement to make provision for the payment of retirement annuities at extremely low rates of premium. In view of the existence of this institution, we are of the decided opinion that it would be superfluous for the State to enact general enabling legislation for the purpose of authorizing employers and employees to establish pension systems of their own. Furthermore, if a demand for such legislation should arise later, special bills might be introduced to fit each individual case. This would furnish an

opportunity for the education of the public along these lines. It seems to us further that such legislation would be injurious to the interests of the savings bank insurance system, the success of which ought to be promoted by the State in every legitimate way.

JAMES T. BUCKLEY.
ARHUR M. HUDDELL.

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I desire to express my dissent from the opinions expressed in paragraphs numbered 1, 2 and 3 of the "General Conclusions concerning Non-contributory Pensions." [1]

Despite the close attention and careful study given the old age problem during the life of this commission, I am still in doubt as to the advisability, finally, of adopting the contributory or the non-contributory principle in the granting of general old age pensions.

1. To my mind, the first argument advanced against the non-contributory plan, namely, "heavy expense," is fallacious; for the ultimate expense of any given project is the same, whether that cost be levied directly upon those who are to benefit by the scheme, as in the proposed contributory schemes, or indirectly upon the same beneficiaries through the medium of the State tax.

2. Instead of producing "enervation of character," I maintain that the assurance, through a pension, contributory or otherwise, that one's last days would be spent in peace and comfort, with no fear of poverty and want, would have a strengthening influence upon the individual, enabling him to go to his daily task with a calm and contented mind, and would tend to increase "the sense of personal responsibility and independence."

3. A pension based upon either principle would bind the family more firmly together, for oftentimes the grandparent with a small guaranteed pension would be a welcome addition to the family of the son or daughter, when without this he would be only in the way.

[1] See pp. 224 *et seq.*

4. The only argument that has influenced me to recommend the contributory principle is that of expediency. Under existing conditions, each individual provides in toto for his support after superannuation, the State giving no direct assistance; under the contributory plan, some assistance would be granted by the Commonwealth; while under a non-contributory scheme, the State would assume the whole burden. In other words, the contributory plan is intermediate, the present plan being one extreme and non-contribution the other. If from the present situation a change be made to the contributory, there is no insurmountable objection, in later years, to going to the extreme of non-contribution, if that policy seems wise. On the other hand, once the change is made to the maximum of State help, an impassable barrier does exist to the return to the intermediate step of contribution.

JAMES T. BUCKLEY.

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I wish to record my dissent from those parts of the report in which opinion is expressed favorable to contributory pensions and to compulsory insurance.

To my mind, this issue between contributory and non-contributory pensions turns on the following consideration: in one class are persons who find themselves so placed in life that they have opportunity to provide for old age out of a good salary that permits adequate saving, or through good fortune in investment which has placed them in a position beyond the reach of want, or through interest in a business that brings an income sufficient to provide for the time of life when they are no longer able to hold the pace set by the younger generation; in another class are those whose position in life forces them to work for weekly wages, struggling to raise a family, and unable to lay aside anything for old age. The wages of the working man to-day will not permit him to live decently and comfortably, and at the same time lay by an amount sufficient to provide for old age. When that period in life is reached, the poorhouse or some

form of charity is all that the wage earner can look forward to with certainty.

In the "General Conclusion" are two paragraphs to which I would direct attention, as follows: —

> 2. The enervating influence on character, especially the inevitable discouragement of saving. The thrift habit is extremely hard to build up, and very easy to break down. A non-contributory pension scheme would weaken the motive to individual saving, and would react unfavorably on character, by lessening the sense of personal responsibility and independence.
>
> 3. The disintegrating effect on the family. A non-contributory pension system would take away, in part, the filial obligation for the support of aged parents, which is a main bond of family solidarity. It would strike at one of the forces that have created the self-supporting, self-respecting American family. The impairment of family solidarity is one of the most serious consequences to be apprehended from an experiment with non-contributory pensions.

I am convinced that the fact of being compelled to live in the poorhouse or dependent upon private charity in old age has a more degrading influence on character than anything else, and should be eliminated from among working people. A non-contributory pension system would stimulate the citizen and help to build up his character. It would not discourage thrift, as the man who has an opportunity is only too eager to save, and he would strive to save over the long road of life to the pensionable age, so as to provide for the breakdowns by sickness or disease that every man fears.

The thrift habit is hard to build up among the poorer class of people, because they do not earn money enough to make even a beginning.

In the third paragraph, in relation to the family ties, the facts that are before us as to the influence of pensions on the American family have either been entirely overlooked or misconstrued by the majority of the commissioners. We have before us the pension of the veterans of the civil war, their widows and orphans, and I fail to find the evidence that warrants any statement to the effect that this pension by the United States government has disintegrated the family, or lessened "the filial obligation for the support of the aged

parents," or has in any way impaired the family solidarity. On the contrary, the pension to the veterans of the civil war has built up the American family, and the filial obligation of the family has been strengthened and its solidarity maintained. An old person living with a married son or daughter that is striving to bring up a family and provide for them as an American family should be provided for, and give to the children a proper education, can find a place for the veteran or his widow who receives a pension from the government in the family, because they do not take away from that family any of the necessities of life, or stop in any way the education of the children. At the same time, the independence of the veteran or his widow is maintained, because they have enough to pay for their needs at that period in life. There are 40,044 government pensioners in Massachusetts at the present time. Of this number, it is estimated that 27,230 are over 65 years of age. With this pension the old veteran and his widow are made comfortable in their old age by living with their children, their friends, or in homes where they are paying their own way, and have a feeling of independence that old people should have. They know they are not taking away from the family any of the necessaries of life, or hampering the education of the children through any expense of their own support. Any extra expense in the workman's family directly affects the education of the child, compelling him to leave school and seek employment to help maintain the family. It is said that there is no demand for a pension at this time, but it should be borne in mind that the large number that are receiving this government pension have temporarily relieved the situation; also, the veteran's preference acts in the employment by the government, national, state, county, city and town, furnish employment for old persons, and after the veterans pass away, the old persons that follow will not have this preference. A discharge from employment on account of age will have a much more serious effect upon the old age problem. We should anticipate and prepare for this coming change, and not wait for the pressure of poverty and want before we try to meet this situation.

As to the 4th paragraph in the "General Conclusions" of

the commission, it has already been decided by the commission that if any pension system is to be adopted, it should be by national legislation. That eliminates the first part of the paragraph. The paragraph continues: —

> In this connection it should be emphasized that no argument for non-contributory pensions can be built up on the contention that wage earners as a class do not receive a living wage. It has been shown that the controversy over this subject cannot be settled conclusively by available statistics. What actually constitutes a living wage, expressed in dollars and cents, and what proportion of the working class really gets a living wage, must remain matters of opinion.

In reference to the living wage, it may be a matter of opinion with those who are placed in a position where they are above want, and do not fear poverty. But to the working man it is not a matter of opinion whether there is a sufficient wage to properly maintain a family. It is a fact borne out by statistics that living wages are not paid at the present time. The twenty-second annual report, "Statistics of Manufacturers," 1907, page 19, shows that in 33 cities in Massachusetts, in 4,121 establishments, employing an average of both sexes of 380,573 workmen, the average wage paid was $520.22. There is no doubt in my mind that an average of $10 per week is not a living wage in this State, and there is no opportunity for the average man to provide for old age on a wage as above. The tables that are quoted on "Wages, Prices, Purchasing Power, 1890–1907," while they are the only ones available, do not show the actual condition in 1910; and a large increase in the cost of living has taken place since that time, with practically no increase in wages. The statistics of depositors in savings banks in Massachusetts are interesting for their bearing on this question. In 1908 there were 63 depositors per 100 population, with an average amount per depositor of $359. If a person reached the age of 65 and was unable to do any more work, at the best this amount of money would not carry him two years. Then imagine the effect upon a person who was thrifty enough to accumulate this amount of money and was forced to spend

it, and, being without funds or relatives, was then forced to go to the poorhouse. In other words, 63 out of every 100 persons in Massachusetts are less than two years from the poorhouse or private charity; and the other 37 out of every 100 are less than two weeks from the same charities.

In reference to the statistics on almshouses in the United States and Massachusetts, the need of poor relief is recognized in the following passage of the report: —

> Formerly the almshouse was practically the only refuge for unfortunates of every description. Now, other institutions of relief provide for many persons who otherwise would be forced to become inmates of almshouses. The number of hospitals, asylums, homes and other institutions has multiplied during the last generation.

If other institutions have multiplied, it shows that the poorhouse has been recognized as not being the proper way to handle this question, and that poverty has increased instead of decreasing. This convinces me that for old age a pension should be granted, and not have the old person subject to charity, which will do more to break down American manhood and womanhood than any other influence known.

To my mind, compulsory insurance is un-American, and cannot be considered in any way as a solution of this question. The wages of the workman will not permit of any compulsory assessment for insurance. There is a vast difference between this and compulsory sanitary laws, compulsory education and compulsory quarantine laws. A poor man can comply with any of the above laws without an expenditure of money or in any way reducing his wages, which he could not do with a compulsory insurance law, as that would be equivalent to a reduction in wages. There is not sufficient margin between the living expenses and the wages of the workman to permit that reduction in his wage.

It is very easy for those who can provide for old age to say to others, in the following language, which is found in the "General Conclusions": —

> That is, the obligation to provide for old age is recognized as resting upon the individual, and not upon the State. It may be that

eventually the State will undertake to enforce this obligation upon the individual by law. The State may, in the interest of all, say to the individual: "You shall provide for your old age through saving made easy by a system of insurance established by government, in order that the general welfare may not be disturbed by your coming to the State for support in your old age."

It is compulsory now upon our citizens to make a living, but if they wish to become criminals, the State will support them. But the man who wants to remain a law-abiding citizen and try to support his family is compelled to provide for old age, when the facts are that he is unable at the present time to secure many of the comforts of life. Every law-abiding citizen has rendered to his country some service, which entitles him to look forward to a pension given in return; and as at present the premium placed upon crime and poverty is un-American, something should be done to provide for the law-abiding, self-supporting citizen.

I do not believe this is a question for legislation by the State, but that legislation on this subject should be uniform, because the question of old age pensions is essentially a national rather than a State issue. Accordingly, I favor the enactment by the national Congress of a non-contributory pension measure, such as that proposed in the bill introduced by Congressman Wilson of Pennsylvania.

Holding this opinion, I would urge upon the General Court to pass a resolution directing the attention of the national Congress to this subject of pension legislation, and further urging the enactment of the bill now before that body.

I therefore respectfully request the General Court to adopt the following resolution: —

Resolution relating to the Subject of Old Age Pension Legislation by the National Congress.

*Resolved,* That the General Court of the Commonwealth of Massachusetts favors such action by the Congress of the United States as will provide for the establishment of a national system of old age pensions, and accordingly requests the Senators and the Representatives of this Commonwealth to support Bill No. 14494, entitled "An Act to organize an Army Corps, prescribe Qualifications for

Enlistment therein, define the Duties and fix the Compensation and Term of Enlistment of Privates, and for Other Purposes."

*Resolved*, That copies of this resolution shall be transmitted by the Secretary of this Commonwealth, to the presiding officers of both branches of Congress, and to the Senators and Representatives of this Commonwealth.

Attached to this statement is a copy of House Bill No. 14494, and brief submitted by Congressman Wilson in support of said bill.

ARTHUR M. HUDDELL.

Sixty-first Congress, second Session. H. R. No. 14494. In the House of Representatives, December 14, 1909, Mr. Wilson of Pennsylvania introduced the following bill, which was referred to the Committee on Military Affairs and ordered to be printed

AN ACT TO ORGANIZE AN ARMY CORPS, PRESCRIBE QUALIFICATIONS FOR ENLISTMENT THEREIN, DEFINE THE DUTIES AND FIX THE COMPENSATION AND TERM OF ENLISTMENT OF PRIVATES, AND FOR OTHER PURPOSES.

*Be it enacted, etc.* That immediately after the passage of this act, an Army Corps shall be organized in the Department of War, under the direction of the President, to be known as the Old Age Home Guard of the United States Army.

SECTION 2. The Old Age Home Guard of the United States shall be composed of persons not less than sixty-five years of age.

SECTION 3. Any person who is sixty-five years of age, or upwards, and who has been a resident of the United States twenty-five consecutive years, and a citizen of the United States fifteen consecutive years next preceding the date of application, and who is not possessed of property amounting to more than fifteen hundred dollars in value, free of all incumbrances, or an income of more than two hundred and forty dollars per annum, and who has not sequestered, or otherwise disposed of property or income for the purpose of qualifying for enlistment as hereinafter provided, may make application, in writing, to the Secretary of War, for enlistment in the Old Age Home Guard of the United States Army, and it shall be the duty of the Secretary of War to enlist and enroll such applicant, for the term of his or her life, as a private in the Old Age Home Guard of the United States Army without regard to the physical condition of the applicant, provided that persons related as husband and wife shall not both be eligible for enlistment, enrollment and service therein at the same time, and in case

of dispute as to whether husband or wife shall be enlisted and enrolled, as herein provided, the question shall be decided by the Secretary of War, by and with the approval of the President.

Section 4. The pay of a private in the Old Age Home Guard of the United States Army shall be one hundred and twenty dollars per annum, to be paid in quarterly installments, as pensions are now by law paid, provided, that ten dollars per annum shall be deducted from the pay of each private, and retained in the treasury of the United States, for every one hundred dollars' worth of property in excess of three hundred dollars, and for every ten dollars per annum income in excess of one hundred and twenty dollars, possessed by such private.

Section 5. Arms and ammunition shall be furnished to privates in the Old Age Home Guard of the United States Army at the discretion of the Secretary of War, but no sustenance shall be furnished to them except the pay herein provided.

Section 6. No private, or applicant for enlistment as private, shall be required to leave his or her home for the purpose of enlistment, enrollment or service in the Old Age Home Guard of the United States Army, nor shall they be required to assemble, drill or perform any of the other manœuvres, nor be subject to any of the regulations of the United States Army, except as herein provided.

Section 7. Privates in the Old Age Home Guard of the United States Army shall be required to report annually, in writing, to the Secretary of War, on blanks furnished by him for the purpose, the conditions of military and patriotic sentiment in the community where such private lives, but no private shall be discharged, disciplined, or otherwise punished for failure to make such report.

Section. 8. The number of persons enlisted in the Old Age Home Guard of the United States Army shall be in addition to the number of officers and privates now required by law in the United States Army.

Section 9. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

In making his report to the executive committee of the American Federation of Labor, Congressman Wilson submitted the following brief in support of same: —

Blossburg, Pa., June 11, 1909.

*To the Executive Council of the American Federation of Labor.*

Gentlemen: — I am submitting to you herewith, for your consideration and criticism, a bill which I have prepared for presenta-

tion to Congress, on the subject of old age pensions. In doing so, I desire to offer a few observations on the general principles involved in old age pensions, and particularly on the provisions of this bill.

Every form of government has its limitations. That is particularly true of democracies having written constitutions. But when, in addition to the general limitations provided by the founders or builders of constitutional governments, for the protection of citizens in their natural, individual and collective rights, you have a form of government which has derived all its powers from written concessions made by a number of different States, each claiming absolute sovereignty within its own boundaries, except in those things which it has specifically conceded in writing to the general government, you are confronted by a system of limitations which it is extremely difficult to overcome, when seeking legislation of a nature not included in the special grant of powers by the several States to the general government.

That is the form of the federal government of the United States. Yet its purpose is broadly set forth in the preamble to the constitution. It says: "We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this constitution for the United States of America."

Thus it will be observed that two out of the six specific purposes of the government are the establishment of justice and the promotion of the general welfare, both of which purposes are included in the desire for the establishment of an old age pension.

No one will for a moment contend that any title to property exists anywhere except by virtue of the laws enacted by government, and the only method by which those titles are successfully defended is through the government; that is, through the power of the people collectively. Every person who owns land, tools or other machinery, the products of labor or other accumulations, holds his title to them through the law, enforced by the strong arm of the government. The law prescribes methods by which property may be secured and how it can be retained. It gives and defends the title to all real estate, and acts as the arbiter in all disputes growing out of that title or the possession of personal property. Every corporation is a law-created, law-protected body, that could have no existence but for the law, and no power or property but for the government. No contract mutually entered into can be made binding upon the contracting parties except by the power of the people collectively, expressed and enforced through their laws. Wealth cannot be

accumulated and held by any individual or corporation in large quantities without the fostering care of the law and government. Destroy both, abolish all law and all government, and immediately property rights cease to exist. The only title would be the strength and cunning of the individual. We would return to the

> Good old plan,
> To let him take who has the power,
> And let him keep who can.

It follows, then, that he who has the greatest amount of wealth receives the greatest amount of protection from law and government. It protects him in the possession and enjoyment of it in life, and in conveying it to his heirs at death. The man who possesses property has a decided advantage in life over the man who possesses none. In order to produce or earn a livelihood, people must have the use of property upon which to work. The man who has the property can dictate the terms upon which he will permit another to use it. The law protects him in that right, consequently he has a law-created and law-protected advantage over the workman who is without property upon which to work. He will not let the latter work on any other terms than those he considers profitable. During his entire lifetime the propertyless workman must continue to give a share of what he produces in the form of profits to his employer in return for the opportunity of earning a living. The compensation received seldom exceeds the household requirements, "economically administered." When the time comes that the physical and mental faculties begin to decline, when his powers of brain and brawn can no longer be profitably employed, no means have been accumulated by him with which to sustain existence. Surely, then, society at large, to which he has given a lifetime of labor, which protects his employer and others in their title to property, should protect him in his right and title to a comfortable existence during the remainder of his days.

The State at the present time recognizes a part of its duty to the old, the sick, the injured and the incompetent, as is shown by the establishment of poorhouses and hospitals. But our poorhouses are organized and maintained on the principle of a charity, rather than an obligation which society owes to its superannuated workers. The application of the principles of charity in that case is unjust. Society, in carrying out its own ideas of economic law, has left them, after a lifetime of hard labor, completely stranded, like shipwrecked mariners on the arctic shores of time. It owes them a living, and should pay its debts.

We cannot contemplate the closing scenes in the life of a self-respecting workingman without feeling some of the anguish that

tears his soul, — the struggle with poverty on the one hand, and the pride that cannot bend to accept charity on the other.

Then we feel the forcefulness of the words of Burns: —

> Look not alone on youthful prime,
> On manhood's active might;
> Man then is useful to his kind,
> Supported in his right.
> But see him on the edge of life,
> With cares and sorrows worn,
> Then age and want, oh, ill-matched pair,
> Show man was made to mourn.

But even those that agree that a pension should of right be given to those who are too old to continue in active service, and who are without means to maintain themselves, differ as to whether or not men who have been convicted of crime should be included in the grant. The violation of the law may or may not involve moral turpitude. But in either event the primary object of imprisonment is not the welfare of the convict, but rather the protection of the community. And if society, in order to protect itself, deems it necessary to deprive one of its number of his liberty, thereby preventing him from providing for his old age, it is cruel to turn him adrift in his senility, to gather his living, like a stray dog, at the ash heap.

It is difficult to devise a direct method by which old age pensions can be granted by the federal government. But if part of the purpose of the government is to establish justice and promote the general welfare, then any method of providing old age pensions which the constitution will permit should be utilized. The federal constitution expressly specifies that Congress shall have the power "to raise and support armies." It has exercised that power from the beginning without question. It has on various occasions specified the minimum age limit of enlistment. It can make the limit either high or low. It can make it high for one branch of the service and low for another, and can enumerate the duties to be performed, making them either light or heavy, fixing the compensation in accordance with its own judgment.

It is upon that principle of constitutional law that the bill which I have presented for your consideration has been based. There are other methods by which the same result may be attained. The same object might be reached by the enactment of a federal law granting a pension to all men, above a certain age, who have been engaged in interstate and foreign commerce, and to government employees, and then secure direct pension laws in the different States. There can be no question of the right of the government to grant a pension to its own employees if it so desires; but when it comes to dealing with interstate commerce, another problem is

presented. If I correctly understand the decision of the Supreme Court in the employers' liability law case, a railway worker may be engaged, within a State, in switching or hauling a car of freight destined for another State, and yet if he does not cross the State line in the performance of his labor, he is not engaged in interstate commerce. If that interpretation is correct, it would materially reduce the number of persons that could come within the scope of the law. At this point another difficulty presents itself. The men it is proposed to pension would no longer be engaged in interstate commerce; they would be retired. Would the Supreme Court uphold the right of the government to pension men who were not actually engaged in interstate commerce during the time for which the pension was allowed, under the terms of the interstate commerce clause of the constitution? There is at least an element of doubt in it. The difficulty of securing favorable legislation in 46 separate States is so apparent that it only has to be mentioned to be understood.

The constitution might be amended by giving additional powers to the federal government. But with the attempt to amend it along those lines, the whole question of States' rights would be raised, which, together with the opposition to the proposition itself that it will inevitably receive from the selfish possessors of wealth, would make the task an almost hopeless one.

One of the grave problems in connection with the establishment of old age pensions is the raising of revenue to meet the payments. The same principle that makes it a duty of the government to provide for its superannuated workers would require that the means to do so should be raised by a tax on property, incomes, bequests and inheritances, so far as it is within the power of the federal government.

From every point of view, the method herewith proposed seems to be the most feasible. It places the pensioner in the direct employment of the government; it enlists him in the army of the United States under the direction of the President, who is the Commander-in-Chief of the Army and Navy; it enumerates the duties to be performed, limits the punishment for failure to perform them, and stipulates the compensation to be received for the service required.

I have not as yet introduced the measure in Congress, but will await with interest your favorable or unfavorable criticism, or any amendments you may have to suggest.

Fraternally yours,

W. B. WILSON.

# APPENDIX.

## Appendix A.

## DRAFTS OF BILLS.

### An Act to provide for Compulsory Instruction in Thrift in the Public Schools of the Commonwealth.

*Be it enacted, etc., as follows:*

Section one of chapter forty-two of the Revised Laws of Massachusetts, relating to the subjects that shall be taught in the public schools, is hereby amended by inserting in the twentieth line the word "thrift," after the word "ethics."

### An Act to establish the Massachusetts Commission on Old Age Insurance and Pensions.

*Be it enacted, etc., as follows:*

Section 1. The governor, by and with the consent of the council, shall appoint a commission of five persons, to be known as the Commission on Old Age Insurance and Pensions, one member of which shall be appointed for a term of five years, one for a term of four years, one for a term of three years, one for a term of two years and one for a term of one year. Upon the expiration of the term of any member, a successor for a term of five years shall be appointed. One member shall be a representative of employers and another member shall be a representative of employees. The commission shall employ a secretary as its executive officer, who shall not be a member of the commission, and may engage such further assistance as may be necessary for the proper performance of its duties. The members of the commission shall receive no compensation for their services, but necessary expenses for travelling, stationery and other purposes shall be paid out of the treasury of the commonwealth, subject to the approval of the governor and council.

Section 2. The commission shall act as a bureau of information and assistance for employers and employees, for associations of employers and employees, and for municipalities and counties in

this commonwealth, with a view to aiding and advising them regarding the establishment of systems of old age pensions, insurance or annuities. In rendering this service the commission may formulate plans and superintend their establishment in co-operation with the parties concerned. The commission shall also make such investigation regarding the operation of pension, insurance and annuity systems as it may deem advisable.

Section 3. The commission shall report annually to the legislature on or before the second Wednesday in January. The report shall set forth the work done by the commission during the preceding year in accordance with the instructions of this act, and shall present such recommendations for legislation on the subject of old age insurance, pensions or annuities as the commission may deem advisable. The report shall also give a properly tabulated statement of the expenditures of the commission, and an estimate of the amount required for the purposes of the commission during the coming year.

Section 4. This act shall take effect upon its passage.

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An Act to authorize Employers and Employees to Establish Co-operative Retirement, Annuity or Pension Systems.

*Be it enacted, etc., as follows:*

Section 1. Employees, officers and agents of any corporation, firm or individual, and the corporation, firm or individual by which they are employed, are hereby authorized to form an association for the purpose of providing annuities, pensions or endowments for employees retiring from their employment on account of age, under a system by which the participating employees contribute to the funds of the association a percentage or portion of their salaries or wages as fixed by the by-laws of the association, to be deducted by the employer and paid to the association, and the employer contributes to the funds of the association in the manner and to the extent fixed in said by-laws. The funds so provided shall be held by trustees independently of other funds of the employer, for the purchase or payment of annuities, pensions or endowments to participating employees upon their retirement from service on account of age, and for the payments to the representatives or appointees of any participator dying before reaching the age of retirement. An association formed under the authority of this act shall not be subject to the provisions of chapter five hundred and seventy-six of the acts of nineteen hundred and seven, or to such other provisions of law as relate to insurance companies or associations, except as herein provided.

Section 2. The by-laws of any such association shall be approved by the insurance commissioner, and shall prescribe the manner in which and the officers and agents by whom the purpose of the association may be carried out and the manner in which its funds may be invested and paid out. Such association shall be deemed to be formed when its by-laws have been approved and agreed to by the employer and by the employees by vote of two-thirds of all employees present and voting at a meeting called by the employer for the purpose, and have been approved by said commissioner. Such association shall annually, on or before the first day of February, report to the insurance commissioner such statements of its membership and financial transactions for the year ending on the preceding thirty-first day of December as the commissioner may consider necessary to show its business and standing. Said commissioner may verify such statement by an examination of the books and papers of the corporation; and whoever, having charge or custody of said books and papers, neglects to comply with the provisions of this section shall be punished by a fine of not more than five hundred dollars.

Section 3. The property of such association, and the portion of the wages or salary of an employee deducted or to be deducted under this act, the right of an employee to an annuity, pension or endowment, and all his rights in the funds of the association, shall be exempted from taxation and from the operation of any law relating to bankruptcy or insolvency, and shall not be liable to attachment by trustee process or be liable to be taken on execution or on any other process legal or equitable to satisfy any debt or liability of the employer or of any member of the association.

Section 4. This act shall take effect upon its passage.

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An Act to authorize the Cities and Towns of this Commonwealth to establish Retirement Systems for their Employees.

*Be it enacted, etc., as follows:*

Section 1. In this act, unless the context otherwise requires: —

(*a*) The words "city council" mean the legislative branch of the city government, whether consisting of one chamber or two.

(*b*) The words "retirement system" mean the arrangements provided in this act for the payment of annuities and pensions.

(*c*) The word "annuities" means the payments for life derived from money contributed by the employees.

(*d*) The word "pensions" means the payments for life derived from money contributed by the city or the town.

(*e*) The words "regular interest" mean interest at three per cent. per annum compounded semi-annually on the last days of January and July, and reckoned for full three and six months periods only.

(*f*) The words "continuous service" mean uninterrupted employment, with this exception: a lay-off on account of illness or reduction of force; and a leave of absence, suspension or dismissal followed by reinstatement within one year shall not be considered as breaking the continuity of service.

ESTABLISHMENT OF RETIREMENT SYSTEM.

SECTION 2. Any city or town in this commonwealth may establish a retirement system for its employees by accepting the provisions of this act in the manner hereinafter prescribed, as follows: In the case of a city, whenever a vote to accept the provisions of the act shall have been duly passed by the city council, the question of acceptance shall then be submitted to the voters of the city at the next municipal election. The vote shall be in answer to the question, to be placed upon the ballot: Shall an act passed by the general court in the year , entitled "An Act authorizing the cities and the towns of this commonwealth to establish retirement systems for their employees," be accepted? In the case of a town, whenever a vote to accept the provisions of the act shall have been duly passed by the board of selectmen, the question of acceptance shall then be submitted to the voters of the town at the next town meeting. If a majority of the voters voting on the question at the city election or at the town meeting shall vote in the affirmative, this act shall take effect in such city or town as hereinafter provided.

A copy of the vote of the city council or of the board of selectmen, certified by the city clerk or by the town clerk, and a copy of the vote at the city election or at the town meeting, sworn to by the local election commissioners or the officers corresponding thereto, shall, within thirty days respectively after the date of the latter vote, be filed in the office of the insurance commissioner of this commonwealth. The latter shall forthwith issue a certificate that the retirement system is declared established in said city or town, to become operative on the first day of February or the first day of August following the expiration of three months after the date of such certificate.

THE RETIREMENT ASSOCIATION.

SECTION 3. Whenever a city or town shall have voted to establish a retirement system under the provisions of section two, a retirement association shall be organized as follows: —

(1) All employees of the city or town, on the date when the retirement system is declared established by the issue of the certifi-

cate, as provided in section two, may become members of the association. On the expiration of sixty days from said date every such employee shall be considered to have elected to become, and shall thereby become, a member, unless he shall have, within that period, sent notice in writing to the local election commissioners or the officers corresponding thereto that he does not wish to join the association.

(2) All employees who enter the service of the city or town after the date when the retirement system is declared established by the issue of the certificate, as provided in section two, except persons who have already passed the age of fifty-five years, shall upon completing thirty days of service become thereby members of the association. Persons over fifty-five years of age who enter the service of the city or town after the establishment of the retirement system shall not be allowed to become members of the association, and no such employee shall remain in the service of the city or town after reaching the age of seventy years.

(3) No officer elected by popular vote may become a member of the association, nor any employee who is or will be entitled to a pension from the city or town for any reason other than membership in the association.

(4) Any member who reaches the age of sixty years and who has been in the continuous service of the city or town for a period of fifteen years immediately preceding may retire or may be retired by the board of retirement, and any member who reaches the age of seventy must so retire.

(5) Any member who has completed a period of thirty-five years of continuous service may retire, or may be retired at any age by the board of retirement if such action be deemed advisable for the good of the service.

(6) Any member who becomes permanently disabled in the service of the city or town shall be retired by the board of retirement.

THE BOARD OF RETIREMENT.

Section 4. (1) The management of the retirement system is hereby vested in the board of retirement, consisting of three members, one of whom shall be the city or town treasurer; the second member shall be a member of the association elected by the latter within thirty days after the date when the retirement system is declared established by the issue of the certificate, as provided under section two, in a manner to be determined by the local election commissioners or the officers corresponding thereto; the third member shall be an employee of the city or town, chosen by the other two members. In case of the failure of the latter to choose the third

member within thirty days after the election of the second member, the mayor or the chairman of the board of selectmen shall appoint such third member. The first person so chosen or appointed as third member shall serve for two years; otherwise and thereafter the term of office of the two elected members shall be three years. On a vacancy occurring in the board for any cause or on the expiration of the term of office of any member, a successor of the person whose place has become vacant or whose term has expired shall be chosen in the same manner as was his predecessor.

(2) The members of the board of retirement shall serve without compensation; but they shall be reimbursed out of the retirement fund for any expense or loss of salary or wages which they may have incurred through service on the board.

(3) The city or town treasurer shall have charge and control of the funds of the system, subject to the approval of the board of retirement, and shall invest and reinvest the same, and may from time to time sell any securities held by him and invest and reinvest the proceeds therefrom, and any and all unappropriated income of said funds: *provided, however,* that all funds received by him not required for current disbursements shall be invested in accordance with the provisions of the laws of this commonwealth relating to the investment of the funds of savings banks. He shall in the investment of the funds give preference to the securities of the city or town in which the retirement system has been established. He may, whenever he sells such securities, deliver the securities so sold upon receiving the proceeds thereof, and may execute any and all documents necessary to transfer the title thereto.

(4) The board of retirement shall have power to make by-laws and regulations not inconsistent with the provisions of this act, and to employ such clerical or other assistance as may be necessary for the fulfillment of its purposes.

(5) The board may classify the employees for the purposes of the retirement system, and may establish different rates of contribution for the various classes, subject to the minimum and maximum limits fixed in section five, (2) A.

(6) The city or town treasurer shall, in February of each year, unless for cause the insurance commissioner shall have granted an extension of time, file in the office of the insurance commissioner a sworn statement, which shall exhibit the financial condition of the retirement system on the thirty-first day of the preceding January, and its financial transactions for the year ending with said day. Such statement shall be in a form approved by the insurance commissioner, and shall show, among other things, the liability of the retirement system on account of the following items: —

*A. Deposit Reserve.*

The total of the deposits of the members actually received by the treasurer or due from the city or town under section five, (2) *A*, and held subject to withdrawal by such members.

*B. Interest Reserve.*

Regular interest on such deposits.

*C. Annuity Reserve.*

The net value of the annuities entered upon under section six, (2) *B*, on the basis of the mortality tables and interest rates provided for in this act.

*D. Contribution Reserve.*

The net value of the pensions not yet entered upon under section six, (2) *C* (*a*), on the basis of the mortality and withdrawal tables and interest rates provided for in this act.

*E. Pension Reserve.*

The net value of the pensions entered upon under section six, (2) *C* (*a*), on the basis of the mortality tables and interest rates provided for in this act.

*F. Expense and Contingent Funds.*

(*a*) The unexpended portion of the amounts received under section five, (1).

(*b*) The contingent fund.

*G. Gifts and Bequests.*

The amounts received as gifts or bequests and held under the terms of such gifts or bequests.

*H. Other Liabilities.*

(*a*) The amounts contributed by the city or town under section five, (2) *B* (*c*), and not distributed.

(*b*) All other liabilities.

*I. Surplus.*

(*a*) *Annuity Surplus.* — The undistributed surplus arising from annuity deposits, as defined in section five, (2) *B* (*b*).

(*b*) *Pension Surplus.* — The undistributed surplus arising from pension contributions, as defined in section five, (2) *B* (*b*).

(*c*) *Other Surplus.* — All unassigned funds.

CREATION OF THE RETIREMENT FUND.

SECTION 5. The funds of the retirement system shall be raised as follows: —

(1) *Expense and Contingent Fund.*

The city or town shall appropriate annually such an amount as may be necessary to defray the entire expense of administration, according to estimates prepared by the treasurer.

(2) *Annuity and Pension Fund.*

*A. Deposits by Members.* — Each member shall deposit in this fund from his wages or salary, as often as the same are payable, not less than one per cent and not more than five per cent of his wages or salary, as the board of retirement shall determine.

*B. Contributions by the City or Town.* — (*a*) Each month the city or town shall contribute such amount as may be necessary to maintain the contribution and pension reserves as of the last day of the preceding month, on the pensions to be paid under section six, (2) *C* (*a*).

(*b*) Each year, in February, the city or town shall contribute an amount equal to the excess of the surplus arising from annuity deposits over the surplus arising from pension deposits. The said surplus arising from annuity deposits shall be the sum of that portion of the interest reserve released by the withdrawal of members under section six, (2) *A* (*a*), and the interest earned during the year ending January thirty-first next preceding on the deposit reserve and on the interest reserve, less the amount necessary to maintain, during said year, the said interest reserve. The said surplus arising from the pension contributions shall be the sum of the gain arising during said year from a mortality or withdrawal experience among the members making annuity deposits in excess of that expected, and the interest earned on the contribution reserve in excess of the amount required to maintain, during said year, the said contribution reserve. If for any year the surplus arising from pension contributions shall be found to be in excess of the surplus arising from annuity deposits, such excess shall forthwith be paid over to the city or the town.

For the purposes of this paragraph the board of retirement shall adopt, subject to the approval of the insurance commissioner, an equitable method of determining the excess interest and gain from mortality and withdrawal mentioned therein.

(*c*) Each month the city or town shall contribute such amount as the board of retirement may determine to be necessary to pay current pensions for prior service under section six, (2) *C* (*b*):

*provided*, that any amount so contributed for any month and not needed for pensions for that month shall be credited to the contribution of the city or town for the succeeding month.

(*d*) Each month the city or town shall contribute such amount as the board of retirement may determine to be necessary to ensure the minimum payments provided for in section six, *E*.

(3) *Provision for Payments.*

*A*. All amounts payable by members of the association under paragraph (2) *A* of this section shall be deducted by the city or town from the amounts payable to them as wages or salary, as often as the same are payable, and shall be immediately credited to the pension fund by the city or town treasurer.

*B*. All accrued obligations on the part of the city or town under paragraphs (1) and (2) of this section shall be preferred claims against the city or town in like manner as claims for unpaid wages are or may be preferred.

DISTRIBUTION OF FUNDS.

SECTION 6. The city or town treasurer shall administer the funds of the retirement system in accordance with the following plan: —

(1) *Expense and Contingent Funds.*

The funds provided for under section five, (1), shall be used, so far as may be necessary, for the payment of the expenses of administration. The portions not so used, if any, shall be carried to the contingent fund, any portion of which may be transferred to any other fund by vote of the board of retirement. In case the amount appropriated for the expense fund in any year should prove insufficient, the city or town shall appropriate in the following year such additional sum as may be required to cover the deficit.

(2) *Annuity and Pension Funds.*

*A*. *Refunds.* — (*a*) Should a member of the association cease to be an employee of the city or town for any cause other than death before becoming entitled to a pension, there shall be refunded to him all the money that has been paid in by him under section five, (2) *A*, with regular interest.

(*b*) Should a member of the association die before becoming entitled to a pension, there shall be paid to his legal representatives all the money that has been paid in by him under section five, (2) *A*, with such interest as shall have been earned on such deposits.

*B*. *Annuities from Employees' Deposits.* — Any member who reaches the age of sixty years and has been in the continuous service

of the city or town for fifteen years immediately preceding, and then or thereafter retires or is retired, any member who retires or is retired at the age of seventy years, and any member who is retired for the good of the service or for permanent disability under the provisions of section three, (5), (6), shall receive an annuity to which the sum of his deposits under section five, (2), with regular interest, shall entitle him, according to the tables adopted by the board of retirement, in one of the following forms: —

(*a*) A life annuity, payable monthly.

(*b*) A life annuity, payable monthly, with the provision that in the event of the death of the annuitant before receiving payments equal to the sum at the date of his retirement of his deposits under section five, (2) *A*, with regular interest, the difference shall be paid to his legal representatives.

*C. Pensions derived from Contributions by the City or Town.* — (*a*) Pensions based upon subsequent service. Any member entitled to an annuity under paragraph (2) *B*, of this section, shall receive in addition thereto a pension for life payable monthly equivalent to that annuity, to be paid out of the fund contributed by the city or town under the provisions of section five, (2) *B* (*a*).

(*b*) Pensions based upon prior service. Any member of the association who reaches the age of sixty years, having been in the continuous service of the city or town for fifteen years or more immediately preceding, and then or thereafter retires or is retired, shall receive in addition to the annuity a pension provided for by paragraphs (2) *B* and *C* (*a*) of this section, and an extra pension for life as large as the amount of the annuity to which he might have acquired a claim if the retirement system had been in operation at the time he entered the service of the city or town, and if accordingly he had paid regular contributions from that date to the date of the establishment of the retirement association at the same rate as that first adopted by the board of retirement, and if such deductions had been accumulated with regular interest.

Employees who had already reached the age of sixty years at the time the retirement system was established, and employees who had already reached the age of fifty-five years at that date and also became members of the association, may be retired under the provisions of the preceding paragraph without having completed the otherwise required service period of fifteen years. For the purpose of computing any pension payable for prior service, the board of retirement may estimate on the basis determined by them the wages received at any period for which they may deem it impracticable to consult the original records.

*D. Application of Surplus.* — The board of retirement shall have power to determine the application of any surplus, as defined under

section four, (6) *I*, subject to the approval of the insurance commissioner.

*E. Minimum Payments.* — In no case shall the total monthly payment to a member be at a rate less than two hundred dollars per year.

*F. Association Membership and Pension Certificate.* — Membership in the association shall be evidenced by a certificate to be issued to each member by the board of retirement, and the right to an annuity or a pension shall be evidenced by a policy to be issued to each member who retires or is retired by the board of retirement.

TAXATION, ATTACHMENTS AND ASSIGNMENTS.

SECTION 7. The funds of the retirement system, so far as they are invested in personal property, shall be exempt from taxation.

That portion of the wages of a member deducted or to be deducted under this act, the right of a member to an annuity or pension, and all his rights in the funds of the retirement system shall be exempt from taxation, and from the operation of any law relating to bankruptcy or insolvency, and shall not be attached or taken upon execution or other process of any court. No assignment of any right in or to said funds shall be valid.

SUPERVISION BY INSURANCE COMMISSIONER.

SECTION 8. The insurance commissioner shall prescribe for each city or town that adopts a retirement system under the provisions of this act one or more mortality tables and one or more tables representing as nearly as may be the rates of withdrawal of employees from the service of the city or town for reasons other than death, and shall determine what rates of interest shall be established in connection with such tables, and may later modify such tables or prescribe other tables to represent more accurately the expense of the pension system, or may change said rates of interest and may determine the application of the changes so made. He shall also prescribe and supervise methods of bookkeeping of each retirement association formed under the provisions of this act.

The insurance commissioner shall at least once in each year, either personally or by deputy or assistant, thoroughly inspect and examine the affairs of the retirement association to ascertain its financial condition, its ability to fulfill its obligations, whether all the parties in interest have complied with the provisions of the law applicable to the association, and whether the transactions of the board of retirement have been in accordance with the rights and equities of those in interest. The retirement system shall be credited, in the account of its financial condition, with the amounts due from the city or

town, under the provisions of section five, (2) *B* (*a*), its investments with fixed maturities at amortized values, and its other investments at a reasonable valuation.

For the purposes aforesaid, the insurance commissioner or other person making examination shall have access to all the securities, books and papers of the retirement system, and may summon and administer oaths and examine as witnesses the members of the board of retirement or any other person relative to the financial affairs, transactions and conditions of the retirement system. The insurance commissioner shall preserve in a permanent form a full record of the proceedings at such examination, and the results thereof. Upon the completion of such examination, verification and valuation, the insurance commissioner shall make a report in writing of his findings to the board of retirement, and shall send a copy thereof to the city council or the board of selectmen.

Section 9. If, in the judgment of the insurance commissioner, the city or town or the board of retirement have violated or neglected to comply with any of the provisions of this act, or of the rules and regulations established by the board of retirement hereunder, he shall give notice thereof to the city or town and to the board of retirement, and thereafter if such violation or neglect continues, shall forthwith present the facts to the attorney-general for his action.

Section 10. The superior court shall have jurisdiction in equity upon petition of the insurance commissioner or any interested party to compel the observance and restrain the violation of this act, and of the rules and regulations established by the board of retirement hereunder.

Section 11. This act shall take effect upon its passage.

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An Act to establish a Retirement System for the Employees of the Commonwealth.

*Be it enacted, etc., as follows:*

Section 1. In this act, unless the context otherwise requires: —

(*a*) The words "retirement system" mean the arrangements provided in this act for the payment of pensions.

(*b*) The word "annuities" means the payments for life derived from money contributed by the employees.

(*c*) The word "pensions" means the payments for life derived from money contributed by the general court.

(*d*) The words "regular interest" mean interest at three per cent per annum compounded semi-annually on the last days of December and June, and reckoned for full three and six months periods only.

(*e*) The words "continuous service" mean uninterrupted employment, with this exception: a lay-off on account of illness or reduction of force; and a leave of absence, suspension or dismissal followed by reinstatement within one year shall not be considered as breaking the continuity of service.

ESTABLISHMENT OF RETIREMENT SYSTEM.

SECTION 2. The retirement system shall be established on the first day of January or the first day of July following the expiration of three months after the date on which this act takes effect.

THE RETIREMENT ASSOCIATION.

SECTION 3. A retirement association shall be organized among the employees of the commonwealth as follows: —

(1) All employees of the commonwealth, on the date when the retirement system is established, may become members of the association. On the expiration of sixty days from said date every such employee shall be considered to have elected to become, and shall thereby become, a member, unless he shall have within that period, sent notice in writing to the state insurance commissioner that he does not wish to join the association.

(2) All employees who enter the service of the commonwealth after the date when the retirement system is established, except persons who have already passed the age of fifty-five years, shall upon completing thirty days of service become thereby members of the association. Persons over fifty-five years of age who enter the service of the commonwealth after the establishment of the retirement system shall not be allowed to become members of the association, and no such employee shall remain in the service of the commonwealth after reaching the age of seventy years.

(3) No officer elected by popular vote may become a member of the association, nor any employee who is or will be entitled to a pension from the commonwealth for any reason other than membership in the association.

(4) Any member who reaches the age of sixty years and who has been in the continuous service of the commonwealth for a period of fifteen years immediately preceding may retire or may be retired by the board of retirement, and any member who reaches the age of seventy years must so retire.

(5) Any member who has completed a period of thirty-five years of continuous service may retire, or may be retired at any age by the board of retirement if such action be deemed advisable for the good of the service.

(6) Any member who becomes permanently disabled in the service of the commonwealth shall be retired by the board of retirement.

THE BOARD OF RETIREMENT.

SECTION 4. (1) The management of the retirement system is hereby vested in the board of retirement, consisting of three members, one of whom shall be the state treasurer; the second member shall be a member of the association elected by the latter within thirty days after the date on which the retirement system is established, in a manner to be determined by the state insurance commissioner; the third member shall be an employee of the commonwealth, chosen by the other two members. In case of the failure of the latter to choose the third member within thirty days after the election of the second member, the governor shall appoint such third member. The first person so chosen or appointed as third member shall serve for two years; otherwise and thereafter the term of office of the two elected members shall be three years. On a vacancy occurring in the board for any cause or on the expiration of the term of office of any member, a successor of the person whose place has become vacant or whose term has expired shall be chosen in the same manner as his predecessor.

(2) The members of the board of retirement shall serve without compensation; but they shall be reimbursed out of the retirement fund for any expense or loss of salary or wages which they may have incurred through service on the board.

(3) The state treasurer shall have charge and control of the funds of the system, subject to the approval of the board of retirement, and shall invest and reinvest the same, and may from time to time sell any securities held by him and invest and reinvest the proceeds therefrom, and any and all unappropriated income of said funds: *provided, however*, that all funds received by him not required for current disbursements shall be invested in accordance with the provisions of the laws of this commonwealth relating to the investment of the funds of savings banks. He shall in the investment of the funds give preference to the securities of the commonwealth. He may, whenever he sells such securities, deliver the securities so sold upon receiving the proceeds thereof, and may execute any and all documents necessary to transfer the title thereto.

(4) The board of retirement shall have power to make by-laws and regulations not inconsistent with the provisions of this act, and to employ such clerical or other assistance as may be necessary for the fulfillment of its purposes.

(5) The board may classify the employees for the purposes of the retirement system, and may establish different rates of contribution for the various classes subject to the minimum and maximum limits fixed in section five, (2) A.

(6) The state treasurer shall, in January of each year, unless for cause the insurance commissioner shall have granted an extension of time, file in the office of the insurance commissioner a sworn statement, which shall exhibit the financial condition of the retirement system on the thirty-first day of the preceding December, and its financial transactions for the year ending with said day. Such statement shall be in a form approved by the insurance commissioner, and shall show, among other things, the liability of the retirement system on account of the following items: —

*A. Deposit Reserves.*

The total of the deposits of the members actually received by the treasurer or due from the commonwealth under section five, (2) *A*, and held subject to withdrawal by such members.

*B. Interest Reserve.*

Regular interest on such deposits.

*C. Annuity Reserve.*

The net value of the annuities entered upon under section six, (2) *B*, on the basis of the mortality tables and interest rates provided for in this act.

*D. Contribution Reserve.*

The net value of the pensions not yet entered upon under section six, (2) *C* (*a*), on the basis of the mortality and withdrawal tables and interest rates provided for in this act.

*E. Pension Reserve.*

The net value of the pensions entered upon under section six, (2) *C* (*a*), on the basis of the mortality tables and interest rates provided for in this act.

*F. Expense and Contingent Fund.*

(*a*) The unexpended portion of the amounts received under section five, (1).

(*b*) The contingent fund.

*G. Gifts and Bequests.*

The amounts received as gifts or bequests and held under the terms of such gifts or bequests.

*H. Other Liabilities.*

(*a*) The amounts contributed by the commonwealth under section five, (2) *B* (*c*), and not distributed.

(*b*) All other liabilities.

*I. Surplus.*

(*a*) *Annuity Surplus.* — The undistributed surplus arising from annuity deposits, as defined in section five, (2) *B* (*b*).

(*b*) *Pension Surplus.* — The undistributed surplus arising from pension contributions, as defined in section five, (2) *B* (*b*).

(*c*) *Other Surplus.* — All unassigned funds.

CREATION OF THE RETIREMENT FUND.

Section 5. The funds of the retirement system shall be raised as follows: —

(1) *Expense and Contingent Fund.*

The general court shall appropriate annually such an amount as may be necessary to defray the entire expense of administration, according to estimates prepared by the treasurer.

(2) *Annuity and Pension Fund.*

*A. Deposits by Members.* — Each member shall deposit in this fund from his wages or salary, as often as the same are payable, not less than one per cent and not more than five per cent of his wages or salary, as the board of retirement shall determine.

*B. Contributions of the Commonwealth.* — (*a*) Each month the commonwealth shall contribute such amount as may be necessary to maintain the contribution and pension reserves as of the last day of the preceding month, on the pensions to be paid under section six, (2) *C* (*a*).

(*b*) Each year, in January, the commonwealth shall contribute an amount equal to the excess of the surplus arising from annuity deposits over the surplus arising from pension contributions. The said surplus arising from annuity deposits shall be the sum of that portion of the interest reserve released by the withdrawal of members under section six, (2) *A* (*a*), and the interest earned during the year ending December thirty-first next preceding on the deposit reserve and on the interest reserve, less the amount necessary to maintain, during said year, the said interest reserve. The said surplus arising from the pension contributions shall be the sum of the gain arising during said year from a mortality or withdrawal experience among the members making annuity deposits in excess of that expected, and the interest earned on the contribution reserve

in excess of the amount required to maintain, during said year, the said contribution reserve. If for any year the surplus arising from pension contributions shall be found to be in excess of the surplus arising from annuity deposits, such excess shall forthwith be paid over to the commonwealth.

For the purposes of this paragraph the board of retirement shall adopt, subject to the approval of the insurance commissioner, an equitable method of determining the excess interest and gain from mortality and withdrawal mentioned therein.

(*c*) Each month the commonwealth shall contribute such amount as the board of retirement may determine to be necessary to pay current pensions for prior service under section six, (2) *C* (*b*): *provided,* that any amount so contributed for any month and not needed for pensions for that month shall be credited to the contribution of the commonwealth for the succeeding month.

(*d*) Each month the commonwealth shall contribute such amount as the board of retirement may determine to be necessary to ensure the minimum payments provided for in section six, *E*.

(3) *Provision for Payments.*

*A*. All amounts payable by members of the association under paragraph (2) *A* of this section shall be deducted by the commonwealth from the amounts payable to them as wages or salary, as often as the same are payable, and shall be immediately credited to the retirement fund by the state treasurer.

*B*. All accrued obligations on the part of the commonwealth under paragraphs (1) and (2) of this section shall be preferred claims against the commonwealth in like manner as claims for unpaid wages are or may be preferred.

DISTRIBUTION OF FUNDS.

SECTION 6. The state treasurer shall administer the funds of the pension system in accordance with the following plan: —

(1) *Expense and Contingent Funds.*

The funds provided for under section five, (1), shall be used, so far as may be necessary, for the payment of the expenses of administration. The portions not so used, if any, shall be carried to the contingent fund, any portion of which may be transferred to any other fund by vote of the board of retirement. In case the amount appropriated for the expense fund in any year should prove insufficient, the commonwealth shall appropriate in the following year such additional sum as may be required to cover the deficit.

(2) *Annuity and Pension Funds.*

*A. Refunds.* — (*a*) Should a member of the association cease to be an employee of the commonwealth for any cause other than death before becoming entitled to a pension, there shall be refunded to him all the money that has been paid in by him under section five, (2) *A*, with regular interest.

(*b*) Should a member of the association die before becoming entitled to a pension, there shall be paid to his legal representatives all the money that has been paid in by him under section five, (2) *A*, with such interest as shall have been earned on such deposits.

*B. Annuities from Employees' Deposits.* — Any member who reaches the age of sixty years and has been in the continuous service of the commonwealth for fifteen years immediately preceding, and then or thereafter retires or is retired, any member who retires or is retired at the age of seventy years, and any member who is retired for the good of the service or for permanent disability under the provisions of section three, (5), (6), shall receive an annuity to which the sum of his deposits under section five, (2), with regular interest, shall entitle him, according to the tables adopted by the board of retirement, in one of the following forms: —

(*a*) A life annuity, payable monthly.

(*b*) A life annuity, payable monthly, with the provision that in the event of the death of the annuitant before receiving payments equal to the sum at the date of his retirement of his deposits under section five, (2) *A*, with regular interest, the difference shall be paid to his legal representatives.

*C. Pensions derived from Contributions by the Commonwealth.* — (*a*) Pensions based upon subsequent service. Any member entitled to an annuity under paragraph (2) *B* of this section shall receive in addition thereto a pension for life payable monthly equivalent to that annuity, to be paid out of the fund contributed by the commonwealth under the provisions of section five, (2) *B* (*a*).

(*b*) Pensions based upon prior service. Any member of the association who reaches the age of sixty years, having been in the continuous service of the commonwealth for fifteen years or more immediately preceding, and then or thereafter retires or is retired, shall receive in addition to the annuity a pension provided for by paragraphs (2) *B* and *C* (*a*) of this section, and an extra pension for life as large as the amount of the annuity to which he might have acquired a claim if the retirement system had been in operation at the time he entered the service of the commonwealth, and if accordingly he had paid regular contributions from that date to the date of the establishment of the retirement association at the

same rate as that first adopted by the board of retirement, and if such deductions had been accumulated with regular interest.

Employees who had already reached the age of sixty years at the time the retirement system was established, and employees who had already reached the age of fifty-five years at that date, and also became members of the association, may be retired under the provisions of the preceding paragraph without having completed the otherwise required service period of fifteen years. For the purpose of computing any pension payable for prior service, the board of retirement may estimate on the basis determined by them the wages received at any period for which they may deem it impracticable to consult the original records.

*D. Application of Surplus.* — The board of retirement shall have power to determine the application of any surplus, as defined under section four (6) *I*, subject to the approval of the insurance commissioner.

*E. Minimum Payments.* — In no case shall the total monthly payment to a member be at a rate less than two hundred dollars per year.

*F. Association Membership and Pension Certificate.* — Membership in the association shall be evidenced by a certificate to be issued to each member by the board of retirement, and the right to an annuity or a pension shall be evidenced by a policy to be issued to each member who retires or is retired by the board of retirement.

TAXATION, ATTACHMENTS AND ASSIGNMENTS.

Section 7. The funds of the retirement system, so far as they are invested in personal property, shall be exempt from taxation.

That portion of the wages of a member deducted or to be deducted under this act, the right of a member to an annuity or pension, and all his rights in the funds of the retirement system shall be exempt from taxation, and from the operation of any law relating to bankruptcy or insolvency, and shall not be attached or taken upon execution or other process of any court. No assignment of any right in or to said funds shall be valid.

SUPERVISION BY INSURANCE COMMISSIONER.

Section 8. The insurance commissioner shall prescribe for the retirement system of the commonwealth one or more mortality tables and one or more tables representing as nearly as may be the rates of withdrawal of employees from the service of the commonwealth for reasons other than death, and shall determine what rates of interest shall be established in connection with such tables, and may later modify such tables or prescribe other tables to represent more

accurately the expense of the retirement system, or may change said rates of interest and may determine the application of the changes so made. He shall also prescribe and supervise methods of bookkeeping of the retirement association formed under the provisions of this act.

The insurance commissioner shall at least once in each year, either personally or by deputy or assistant, thoroughly inspect and examine the affairs of the retirement association to ascertain its financial condition, its inability to fulfill its obligations, whether all parties in interest have complied with the provisions of law applicable to the retirement association, and whether the transactions of the board of retirement have been in accordance with the rights and equities of those in interest. The retirement system shall be credited, in the account of its financial condition, with the amounts due from the commonwealth, under the provisions of section five, (2) *B* (*a*), its investments with fixed maturities at amortized values, and its other investments at a reasonable valuation.

For the purposes aforesaid, the insurance commissioner or other persons making examination shall have access to all the securities, books and papers of the retirement system, and may summon and administer oaths and examine as witnesses the members of the board of retirement control or any other person relative to the financial affairs, transactions and conditions of the retirement system. The insurance commissioner shall preserve in a permanent form a full record of the proceedings at such examination, and the results thereof. Upon the completion of such examination, verification and valuation, the insurance commissioner shall make a report in writing of his findings to the board of retirement, and shall send a copy thereof to the governor and the executive council of the commonwealth.

Section 9. If, in the judgment of the insurance commissioner, the commonwealth or the board of retirement have violated or neglected to comply with any of the provisions of this act, or of the rules and regulations established by the board of retirement hereunder, he shall give notice thereof to the commonwealth and to the board of retirement, and thereafter if such violation or neglect continues shall forthwith present the facts to the attorney-general for his action.

Section 10. The superior court shall have jurisdiction in equity upon petition of the insurance commissioner or any interested party to compel the observance and restrain the violation of this act, and of the rules and regulations established by the board of retirement hereunder.

Section 11. This act shall take effect upon its passage.

AN ACT TO AUTHORIZE THE COUNTIES OF THE COMMONWEALTH TO ESTABLISH RETIREMENT SYSTEMS FOR THEIR EMPLOYEES.

*Be it enacted, etc., as follows:*

SECTION 1. In this act, unless the context otherwise requires: —

(*a*) The words "retirement system" mean the arrangements provided in this act for the payment of annuities and pensions.

(*b*) The word "annuities" means the payments for life derived from money contributed by the employees.

(*c*) The word "pensions" means the payments for life derived from money contributed by the county.

(*d*) The words "regular interest" mean interest at three per cent per annum compounded semi-annually on the last days of December and June, and reckoned for full three and six months periods only.

(*e*) The words "continuous service" mean uninterrupted employment, with this exception: a lay-off on account of illess or reduction of force; and a leave of absence, suspension or dismissal followed by reinstatement within one year shall not be considered as breaking the continuity of service.

ESTABLISHMENT OF RETIREMENT SYSTEM.

SECTION 2. Any county in this commonwealth may establish a retirement system for its employees by accepting the provisions of this act in the manner hereinafter prescribed, as follows: Upon the initiative of the county commissioners, the question of acceptance shall be submitted to the voters of the county at the next election. The vote in each case shall be in answer to the question, to be placed upon the ballot: Shall an act passed by the general court in the year ——, entitled "An Act authorizing the counties of this commonwealth to establish retirement systems for their employees," be accepted? If a majority of the voters voting thereon at such election shall vote in the affirmative, this act shall take effect in such county, as hereinafter provided.

A copy of the vote, sworn to by the county commissioners or the officers corresponding thereto, shall, within thirty days after the date of the vote, be filed in the office of the insurance commissioner of this commonwealth. The latter shall forthwith issue a certificate that the retirement system is declared established in such county, to become operative on the first day of January or the first day of July following the expiration of three months after the date of such certificate.

THE RETIREMENT ASSOCIATION.

SECTION 3. Whenever a county shall have voted to establish a retirement system under the provisions of section two, a retirement association shall be organized as follows: —

(1) All employees of the county, on the date when the retirement system is declared established by the issue of the certificate, as provided in section two, may become members of the association. On the expiration of sixty days from said date every such employee shall be considered to have elected to become, and shall thereby become, a member, unless he shall have, within that period, sent notice in writing to the local election commissioners or the officers corresponding thereto that he does not wish to join the association.

(2) All employees who enter the service of the county after the date when the retirement system is declared established by the issue of the certificate, as provided in section two, except persons who have already passed the age of fifty-five years, shall upon completing thirty days of service become thereby members of the association. Persons over fifty-five years of age who enter the service of the county after the establishment of the retirement system shall not be allowed to become members of the association, and no such employee shall remain in the service of the county after reaching the age of seventy years.

(3) No officer elected by popular vote may become a member of the association, nor any employee who is or will be entitled to a pension from the county for any reason other than membership in the association.

(4) Any member who reaches the age of sixty years and who has been in the continuous service of the county for a period of fifteen years immediately preceding may retire or may be retired by the board of retirement, and any member who reaches the age of seventy years must so retire.

(5) Any member who has completed a period of thirty-five years of continuous service may retire, or may be retired at any age by the board of retirement if such action be deemed advisable for the good of the service.

(6) Any member who becomes permanently disabled in the service of the county shall be retired by the board of retirement.

THE BOARD OF RETIREMENT.

SECTION 4. (1) The management of the retirement system is hereby vested in the board of retirement, consisting of three members, one of whom shall be the county treasurer; the second member shall be a member of the association elected by the latter within thirty days after the date when the retirement system is declared established by the issue of the certificate, as provided under section two, in a manner to be determined by the county commissioners; the third member shall be an employee of the county, chosen by the other two members. In case of the failure of the latter to choose the third member within thirty days after the election of the

second member, the chairman of the county commissioners shall appoint such third member. The first person so chosen or appointed as third member shall serve for two years; otherwise and thereafter the term of office of the two elected members shall be three years. On a vacancy occurring in the board for any cause or on the expiration of the term of office of any member, a successor of the person whose place has become vacant or whose term has expired shall be chosen in the same manner as was his predecessor.

(2) The members of the board of retirement shall serve without compensation; but they shall be reimbursed out of the retirement fund for any expense or loss of salary or wages which they may have incurred through service on the board.

(3) The county treasurer shall have charge and control of the funds of the system, subject to the approval of the board of retirement, and shall invest and reinvest the same, and may from time to time sell any securities held by him and invest and reinvest the proceeds therefrom, and any and all unappropriated income of said funds: *provided, however,* that all funds received by him not required for current disbursements shall be invested in accordance with the provisions of the laws of this commonwealth relating to the investment of the funds of savings banks. He shall in the investment of the funds give preference to the securities of the county. He may, whenever he sells such securities, deliver the securities so sold upon receiving the proceeds thereof, and may execute any and all documents necessary to transfer the title thereto.

(4) The board of retirement shall have power to make by-laws and regulations not inconsistent with the provisions of this act, and to employ such clerical or other assistance as may be necessary for the fulfillment of its purposes.

(5) The board may classify the employees for the purposes of the retirement system, and may establish different rates of contribution for the various classes, subject to the minimum and maximum limits fixed in section five, (2) A.

(6) The county treasurer shall, in January of each year, unless for cause the insurance commissioner shall have granted an extension of time, file in the office of the insurance commissioner a sworn statement, which shall exhibit the financial condition of the retirement system on the thirty-first day of the preceding December, and its financial transactions for the year ending with said day. Such statement shall be in a form approved by the insurance commissioner, and shall show, among other things, the liability of the retirement system on account of the following items: —

*A. Deposit Reserve.*

The total of the deposits of the members actually received by the treasurer or due from the county under section five, (2) *A*, and held subject to withdrawal by such members.

*B. Interest Reserve.*

Regular interest on such deposits.

*C. Annuity Reserve.*

The net value of the annuities entered upon under section six, (2) *B*, on the basis of the mortality tables and interest rates provided for in this act.

*D. Contribution Reserve.*

The net value of the pensions not yet entered upon under section six, (2) *C* (*a*), on the basis of the mortality and withdrawal tables and interest rates provided for in this act.

*E. Pension Reserve.*

The net value of the pensions entered upon under section six, (2) *C* (*a*), on the basis of the mortality tables and interest rates provided for in this act.

*F. Expense and Contingent Fund.*

(*a*) The unexpended portion of the amounts received under section five, (1).

(*b*) The contingent fund.

*G. Gifts and Bequests.*

The amounts received as gifts or bequests and held under the terms of such gifts or bequests.

*H. Other Liabilities.*

(*a*) The amounts contributed by the commonwealth under section five, (2) *B* (*c*), and not distributed.

(*b*) All other liabilities.

*I. Surplus.*

(*a*) *Annuity Surplus.* — The undistributed surplus arising from annuity deposits, as defined in section five, (2) *B* (*b*).

(*b*) *Pension Surplus.* — The undisturbed surplus arising from pension contributions, as defined in section five, (2) *B* (*b*).

(*c*) *Other Surplus.* — All unassigned funds.

CREATION OF THE RETIREMENT FUND.

SECTION 5. The funds of the retirement system shall be raised as follows: —

(1) *Expense and Contingent Fund.*

The county shall appropriate annually such an amount as may be necessary to defray the entire expense of administration, according to estimates prepared by the treasurer.

(2) *Annuity and Pension Fund.*

*A. Deposits by Members.* — Each member shall deposit in this fund from his wages or salary, as often as the same are payable, not less than one per cent and not more than five per cent of his wages or salary, as the board of retirement shall determine.

*B. Contributions by the County.* — (*a*) Each month the county shall contribute such amount as may be necessary to maintain the contribution and pension reserves as of the last day of the preceding month, on the pensions to be paid under section six, (2) *C* (*a*).

(*b*) Each year, in January, the county shall contribute an amount equal to the excess of the surplus arising from annuity deposits over the surplus arising from pension contributions. The said surplus arising from annuity deposits shall be the sum of that portion of the interest reserve released by the withdrawal of members under section six, (2) *A* (*a*), and the interest earned during the year ending December thirty-first next preceding on the deposit reserve and on the interest reserve, less the amount necessary to maintain, during said year, the said interest reserve. The said surplus arising from the pension contributions shall be the sum of the gain arising during said year from a mortality or withdrawal experience among the members making annuity deposits in excess of that expected, and the interest earned on the contribution reserve in excess of the amount required to maintain, during said year, the said contribution reserve. If for any year the surplus arising from pension contributions shall be found to be in excess of the surplus arising from annuity deposits, such excess shall forthwith be paid over to the county.

For the purposes of this paragraph the board of retirement shall adopt, subject to the approval of the insurance commissioner, an equitable method of determining the excess interest and gain from mortality and withdrawal mentioned therein.

(*c*) Each month the county shall contribute such amount as the board of retirement may determine to be necessary to pay current pensions for prior service under section six, (2) *C* (*b*): *provided,*

that any amount so contributed for any month and not needed for pensions for that month shall be credited to the contribution of the county for the succeeding month.

(*d*) Each month the county shall contribute such amount as the board of retirement may determine to be necessary to ensure the minimum payments provided for in section six, *E*.

(3) *Provision for Payments.*

*A*. All amounts payable by members of the association under paragraph (2) *A* of this section shall be deducted by the county from the amounts payable to them as wages or salary, as often as the same are payable, and shall be immediately credited to the pension fund by the county treasurer.

*B*. All accrued obligations on the part of the county under paragraphs (1) and (2) of this section shall be preferred claims against the county in like manner as claims for unpaid wages are or may be preferred.

DISTRIBUTION OF FUNDS.

SECTION 6. The county treasurer shall administer the funds of the retirement system in accordance with the following plan: —

(1) *Expense and Contingent Funds.*

The funds provided for under section five, (1), shall be used, so far as may be necessary, for the payment of the expenses of administration. The portions not so used, if any, shall be carried to the contingent fund, any portion of which may be transferred to any other fund by vote of the board of retirement. In case the amount appropriated for the expense fund in any year should prove insufficient, the county shall appropriate in the following year such additional sum as may be required to cover the deficit.

(2) *Annuity and Pension Funds.*

*A*. *Refunds.* — (*a*) Should a member of the association cease to be an employee of the county for any cause other than death before becoming entitled to a pension, there shall be refunded to him all the money that has been paid in by him under section five, (2) *A*, with regular interest.

(*b*) Should a member of the association die before becoming entitled to a pension, there shall be paid to his legal representatives all the money that has been paid in by him under section five, (2) *A*, with such interest as shall have been earned on such deposits.

*B*. *Annuities from Employees' Deposits.* — Any member who reaches the age of sixty years and has been in the continuous service of the county for fifteen years immediately preceding, and then

or thereafter retires or is retired, any member who retires or is retired at the age of seventy years, and any member who is retired for the good of the service or for permanent disability under the provisions of section three, (5), (6), shall receive an annuity to which the sum of his deposits under section five, (2), with regular interest, shall entitle him, according to the tables adopted by the board of retirement, in one of the following forms: —

(*a*) A life annuity, payable monthly.

(*b*) A life annuity, payable monthly, with the provision that in the event of the death of the annuitant before receiving payments equal to the sum at the date of his retirement of his deposits under section five, (2) *A*, with regular interest, the difference shall be paid to his legal representatives.

*C. Pensions derived from Contributions by the County.* — (*a*) Pensions based upon subsequent service. Any member entitled to an annuity under paragraph (2) *B* of this section shall receive in addition thereto a pension for life payable monthly equivalent to that annuity, to be paid out of the fund contributed by the county under the provisions of section five, (2) *B* (*a*).

(*b*) Pensions based upon prior service. Any member of the association who reaches the age of sixty years, having been in the continuous service of the county for fifteen years or more immediately preceding, and then or thereafter retires or is retired, shall receive in addition to the annuity a pension provided for by paragraphs (2) *B* and *C* (*a*) of this section, and an extra pension for life as large as the amount of the annuity to which he might have acquired a claim if the retirement system had been in operation at the time he entered the service of the county, and if accordingly he had paid regular contributions from that date to the date of the establishment of the retirement association at the same rate as that first adopted by the board of retirement, and if such deductions had been accumulated with regular interest.

Employees who had already reached the age of sixty years at the time the retirement system was established, and employees who had already reached the age of fifty-five years at that date and also became members of the association, may be retired under the provisions of the preceding paragraph without having completed the otherwise required service period of fifteen years. For the purpose of computing any pension payable for prior service, the board of retirement may estimate on the basis determined by them the wages received at any period for which they may deem it impracticable to consult the original records.

*D. Application of Surplus.* — The board of retirement shall have power to determine the application of any surplus, as defined under section four, (6) *I*, subject to the approval of the insurance commission.

*E. Minimum Payments.* — In no case shall the total monthly payment to a member be at a rate less than two hundred dollars per year.

*F. Association Membership and Pension Certificate.* — Membership in the association shall be evidenced by a certificate to be issued to each member by the board of retirement, and the right to an annuity or a pension shall be evidenced by a policy to be issued to each member who retires or is retired by the board of retirement.

TAXATION, ATTACHMENTS AND ASSIGNMENTS.

SECTION 7. The funds of the retirement system, so far as they are invested in personal property, shall be exempt from taxation.

That portion of the wages of a member deducted or to be deducted under this act, the right of a member to an annuity or pension, and all his rights in the fund of the retirement system shall be exempt from taxation, and from the operation of any law relating to bankruptcy or insolvency, and shall not be attached or taken upon execution or other process of any court. No assignment of any right in or to said funds shall be valid.

SUPERVISION BY INSURANCE COMMISSIONER.

SECTION 8. The insurance commissioner shall prescribe for each county that adopts a retirement system under the provisions of this act one or more mortality tables and one or more tables representing as nearly as may be the rates of withdrawal of employees from the service of the county for reasons other than death, and shall determine what rates of interest shall be established in connection with such tables, and may later modify such tables or prescribe other tables to represent more accurately the expense of the pension system, or may change said rates of interest and may determine the application of the changes so made. He shall also prescribe and supervise methods of bookkeeping of each retirement association formed under the provisions of this act.

The insurance commissioner shall at least once in each year, either personally or by deputy or assistant, thoroughly inspect and examine the affairs of the retirement association to ascertain its financial condition, its ability to fulfill its obligations, whether all parties in interest have complied with the provisions of law applicable to the association, and whether the transactions of the board of retirement have been in accordance with the rights and equities of those in interest. The retirement system shall be credited, in the account of its financial condition, with the amounts due from the county, under the provisions of section five, (2) *B* (*a*), its investments with fixed maturities at amortized values, and its other investments at a reasonable valuation.

For the purposes aforesaid, the insurance commissioner or other persons making examination shall have access to all the securities, books and papers of the retirement system, and may summon and administer oaths and examine as witnesses the members of the board of retirement or any other person relative to the financial affairs, transactions and conditions of the retirement system. The insurance commissioner shall preserve in a permanent form a full record of the proceedings at such examination, and the results thereof. Upon the completion of such examination, verification and valuation, the insurance commissioner shall make a report in writing of his findings to the board of retirement, and shall send a copy thereof to the county commissioners.

SECTION 9. If, in the judgment of the insurance commissioner, the county or the board of retirement have violated or neglected to comply with any of the provisions of this act, or of the rules and regulations established by the board of retirement hereunder, he shall give notice thereof to the county and to the board of retirement, and thereafter if such violation or neglect continues shall forthwith present the facts to the attorney-general for his action.

SECTION 10. The superior court shall have jurisdiction in equity upon petition of the insurance commissioner or any interested party to compel the observance and restrain the violation of this act, and of the rules and regulations established by the board of retirement.

SECTION 11. This act shall take effect upon its passage.

# Appendix B.

## AGED PAUPERS IN MASSACHUSETTS, 1908–09.

### Barnstable County.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Barnstable, | 2 | 4 | 6 | – | 2 | 2 | 2 | 6 | 8 | – | 1 | 1 | 2 | 5 | 7 | 4 | 9 | 13 |
| Bourne, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 6 | 6 |
| Brewster, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 4 | 6 |
| Chatham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 7 | 8 |
| Dennis, | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | 6 | 4 | 10 |
| Eastham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Falmouth, | 3 | 5 | 8 | 1 | – | 1 | 4 | 5 | 9 | – | – | – | 4 | 5 | 9 | 3 | 2 | 5 |
| Harwich, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | 2 | 4 | 6 |
| Mashpee, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Orleans, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 4 | 5 |
| Provincetown, | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | 5 | 5 |
| Sandwich, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 4 | 6 |
| Truro, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Wellfleet, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 4 | 6 |
| Yarmouth, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 3 | 4 |
| Totals, | 8 | 17 | 25 | 1 | 2 | 3 | 9 | 19 | 28 | – | 1 | 1 | 9 | 18 | 27 | 24 | 61 | 85 |

## Berkshire County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Adams, | 1 | 4 | 5 | – | 1 | 1 | 1 | 5 | 6 | – | – | – | 1 | 5 | 6 | – | 2 | 2 |
| Alford, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Becket, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Cheshire, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Clarksburg, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4 | 4 |
| Dalton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Egremont, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 4 | 5 |
| Florida, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 5 | 8 |
| Great Barrington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hancock, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 | 6 |
| Hinsdale, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Lanesborough, | 1 | 4 | 5 | – | 2 | 2 | 1 | 6 | 7 | – | – | – | 1 | 6 | 7 | 1 | 2 | 3 |
| Lee, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5 | 5 | 10 |
| Lenox, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Monterey, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | – | 1 |
| Mount Washington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| New Ashford, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4 | 4 |
| New Marlborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5 | 5 |
| North Adams, | 4 | 14 | 18 | 1 | 4 | 5 | 5 | 18 | 23 | 1 | 5 | 6 | 4 | 13 | 17 | 1 | 2 | 3 |
| Otis, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Peru, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Pittsfield, | 4 | 20 | 24 | 6 | 2 | 8 | 10 | 22 | 32 | 2 | 1 | 3 | 8 | 21 | 29 | 13 | 19 | 32 |
| Richmond, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – |
| Sandisfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 4 | 5 |
| Savoy, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 6 | 6 |
| Sheffield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 | 6 |
| Stockbridge, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – |
| Tyringham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Washington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 6 | 6 |
| West Stockbridge, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 7 | 8 |
| Williamstown, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Windsor, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Totals, | 10 | 46 | 56 | 7 | 9 | 16 | 17 | 55 | 72 | 3 | 6 | 9 | 14 | 49 | 63 | 34 | 91 | 125 |

## Bristol County.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Acushnet, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Attleborough, | 5 | 1 | 6 | 2 | 1 | 3 | 7 | 2 | 9 | 2 | 1 | 3 | 5 | 1 | 6 | – | 5 | 5 |
| Berkley, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Dartmouth, | – | 4 | 4 | – | – | – | – | 4 | 4 | – | 1 | 1 | – | 3 | 3 | 1 | 3 | 4 |
| Dighton, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | 1 | 2 | 3 |
| Easton, | – | 3 | 3 | – | 1 | 1 | – | 4 | 4 | – | 1 | 1 | – | 3 | 3 | 1 | 1 | 2 |
| Fairhaven, | – | – | – | – | 2 | 2 | – | 2 | 2 | – | – | – | – | 2 | 2 | 1 | – | 1 |
| Fall River, | 27 | 60 | 87 | 22 | 12 | 34 | 49 | 72 | 121 | 16 | 20 | 36 | 33 | 52 | 85 | 48 | 74 | 122 |
| Freetown, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 3 |
| Mansfield, | – | 5 | 5 | – | – | – | – | 5 | 5 | – | – | – | – | 5 | 5 | 3 | 7 | 10 |
| New Bedford, | 21 | 34 | 55 | 3 | 3 | 6 | 24 | 37 | 61 | 5 | 13 | 18 | 19 | 24 | 43 | 6 | 12 | 18 |
| North Attleborough, | 3 | 8 | 11 | 1 | 3 | 4 | 4 | 11 | 15 | – | 5 | 5 | 4 | 6 | 10 | – | 1 | 1 |
| Norton, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | 2 | 2 |
| Raynham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Rehoboth, | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | 2 | 2 | 4 |
| Seekonk, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | 1 | 1 |
| Somerset, | 3 | 3 | 6 | – | – | – | 3 | 3 | 6 | – | – | – | 3 | 3 | 6 | – | 4 | 4 |
| Swansea, | – | 1 | 1 | – | 3 | 3 | – | 4 | 4 | – | 2 | 2 | – | 2 | 2 | – | – | – |
| Taunton, | 10 | 11 | 21 | 4 | 4 | 8 | 14 | 15 | 29 | 2 | 4 | 6 | 12 | 11 | 23 | 5 | 13 | 18 |
| Westport, | – | 3 | 3 | 1 | 1 | 2 | 1 | 4 | 5 | 1 | 1 | 2 | – | 3 | 3 | – | 1 | 1 |
| Totals, | 70 | 140 | 210 | 33 | 30 | 63 | 103 | 170 | 273 | 26 | 48 | 74 | 77 | 122 | 199 | 71 | 135 | 206 |

## Dukes County.

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chilmark, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Edgartown, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Gay Head, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Gosnold, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Oak Bluffs, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | – | 3 |
| Tisbury, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| West Tisbury, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | – | 2 |
| Totals, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5 | 5 | 10 |

## Essex County.

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amesbury, | 3 | 8 | 11 | – | 1 | 1 | 3 | 9 | 12 | – | 1 | 1 | 3 | 8 | 11 | 1 | 5 | 6 |
| Andover, | 3 | 5 | 8 | – | – | – | 3 | 5 | 8 | – | – | – | 3 | 5 | 8 | 2 | 5 | 7 |
| Beverly, | 3 | 8 | 11 | 1 | 4 | 5 | 4 | 12 | 16 | 1 | 2 | 3 | 3 | 10 | 13 | – | – | – |
| Boxford, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – |
| Danvers, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4 | 6 | 10 |
| Essex, | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | – | – |
| Georgetown, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | 1 | 1 | – | 2 | 2 | – | 6 | 6 |
| Gloucester, | 2 | 23 | 25 | 4 | 2 | 6 | 6 | 25 | 31 | 2 | 6 | 8 | 4 | 19 | 23 | 24 | 73 | 97 |
| Groveland, | – | 3 | 3 | 1 | 1 | 2 | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | 1 | 1 |
| Hamilton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | – | 1 |
| Haverhill, | 14 | 24 | 38 | 1 | 18 | 19 | 15 | 42 | 57 | 4 | 13 | 17 | 11 | 29 | 40 | 19 | 46 | 65 |
| Ipswich, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | 1 | 1 | – | 1 | 1 | 3 | 4 | 7 |
| Lawrence, | 25 | 35 | 60 | 9 | 25 | 34 | 34 | 60 | 94 | 5 | 12 | 17 | 29 | 48 | 77 | 22 | 26 | 48 |
| Lynn, | 11 | 35 | 46 | 3 | 10 | 13 | 14 | 45 | 59 | 2 | 7 | 9 | 12 | 38 | 50 | 16 | 69 | 85 |
| Lynnfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | – | 2 |
| Manchester, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | 1 | 2 | 3 |
| Marblehead, | 2 | 8 | 10 | 2 | 1 | 3 | 4 | 9 | 13 | – | 1 | 1 | 4 | 8 | 12 | 3 | 11 | 14 |
| Merrimac, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 5 | 6 |
| Methuen, | 3 | – | 3 | – | – | – | 3 | – | 3 | – | – | – | 3 | – | 3 | – | 2 | 2 |
| Middleton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Nahant, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Newbury, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Newburyport, | 2 | 10 | 12 | – | 3 | 3 | 2 | 13 | 15 | – | 3 | 3 | 2 | 10 | 12 | 5 | 14 | 19 |
| North Andover, | – | 3 | 3 | – | 1 | 1 | – | 4 | 4 | – | 1 | 1 | – | 3 | 3 | 1 | – | 1 |

## Essex County — Concluded.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Peabody, | 6 | 15 | 21 | 1 | 3 | 4 | 7 | 18 | 25 | – | 2 | 2 | 7 | 16 | 23 | 4 | 6 | 10 |
| Rockport, | – | 5 | 5 | – | 1 | 1 | – | 6 | 6 | – | – | – | – | 6 | 6 | 5 | 11 | 16 |
| Rowley, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Salem, | 24 | 23 | 47 | 6 | 14 | 20 | 30 | 37 | 67 | 9 | 15 | 24 | 21 | 22 | 43 | 59 | 60 | 119 |
| Salisbury, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Saugus, | – | 4 | 4 | – | – | – | – | 4 | 4 | – | – | – | – | 4 | 4 | – | – | – |
| Swampscott, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 3 | 4 |
| Topsfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 1 | 3 |
| Wenham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | – | 2 |
| West Newbury, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | 1 | 1 | – | 1 | 1 | 1 | – | 1 |
| Totals, | 99 | 224 | 323 | 28 | 84 | 112 | 127 | 308 | 435 | 23 | 66 | 89 | 104 | 242 | 346 | 179 | 361 | 540 |

## Franklin County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ashfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Bernardston, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Buckland, | – | 3 | 3 | 2 | – | 2 | 2 | 3 | 5 | 1 | – | 1 | 1 | 3 | 4 | – | – | – |
| Charlemont, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Colrain, | – | 2 | 2 | – | 1 | 1 | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – |
| Conway, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Deerfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 | 4 |
| Erving, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 3 |
| Gill, | | | | | | | | | | | | | | | | | | |

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| Greenfield, | – | 7 | 7 | – | – | – | – | 7 | 7 | – | 2 | 2 | – | 5 | 5 | 1 | 3 | 4 |
| Hawley, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Heath, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Leverett, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 1 |
| Leyden, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 | 2 |
| Monroe, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Montague, | 1 | 8 | 9 | 1 | 1 | 2 | 2 | 9 | 11 | – | – | – | 2 | 9 | 11 | 1 | 6 | 7 |
| New Salem, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Northfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Orange, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 13 | 6 | 19 |
| Rowe, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Shelburne, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Shutesbury, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – |
| Sunderland, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | – | 1 |
| Warwick, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Wendell, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7 | 3 | 10 |
| Whately, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 3 |
| Totals, | 1 | 23 | 24 | 3 | 2 | 5 | 4 | 25 | 29 | 1 | 2 | 3 | 3 | 23 | 26 | 28 | 36 | 64 |

## Hampden County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agawam, | – | 2 | 2 | – | 1 | 1 | – | 3 | 3 | – | – | – | – | 3 | 3 | 2 | 2 | 4 |
| Blandford, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Brimfield, | 1 | – | 1 | – | 2 | 2 | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – |
| Chester,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Chicopee, | 4 | 25 | 29 | 5 | 1 | 6 | 9 | 26 | 35 | 2 | 4 | 6 | 7 | 22 | 29 | 3 | 16 | 19 |
| East Longmeadow, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 | 4 |
| Granville, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hampden, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | – | 1 |
| Holland,[2] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Holyoke, | 36 | 24 | 60 | 16 | 22 | 38 | 52 | 46 | 98 | 12 | 15 | 27 | 40 | 31 | 71 | 15 | 27 | 42 |
| Longmeadow, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Ludlow, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Monson, | – | 2 | 2 | – | 1 | 1 | – | 3 | 3 | – | 1 | 1 | – | 2 | 2 | 3 | – | 3 |
| Montgomery, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Palmer, | 4 | 9 | 13 | – | – | – | 4 | 9 | 13 | – | 2 | 2 | 4 | 7 | 11 | 6 | 10 | 16 |
| Russell, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |

[1] See Huntington.

[2] See Charlton.

## Hampden County — Concluded.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 months. | | | Deaths, Discharges and Transfers for 12 months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Southwick, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Springfield, | 9 | 38 | 47 | 14 | 17 | 31 | 23 | 55 | 78 | 10 | 17 | 27 | 13 | 38 | 51 | 19 | 34 | 53 |
| Tolland, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Wales, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Westfield, | 4 | 9 | 13 | 1 | 3 | 4 | 5 | 12 | 17 | 1 | 2 | 3 | 4 | 10 | 14 | 4 | 5 | 9 |
| West Springfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | – | 3 |
| Wilbraham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Totals, | 58 | 109 | 167 | 36 | 47 | 83 | 94 | 156 | 250 | 25 | 41 | 66 | 69 | 115 | 184 | 61 | 107 | 168 |

## Hampshire County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amherst, | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | 1 | 1 |
| Belchertown, | – | 3 | 3 | 1 | – | 1 | 1 | 3 | 4 | – | 1 | 1 | 1 | 2 | 3 | – | 1 | 1 |
| Chesterfield, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Cummington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 6 | 7 |
| Easthampton, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – |
| Enfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Goshen, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Granby, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Greenwich, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Hadley, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hatfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |

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| Huntington, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Middlefield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Northampton, | 1 | 8 | 9 | 2 | 10 | 12 | 3 | 18 | 21 | 3 | 4 | 7 | – | 14 | 14 | 9 | 18 | 27 |
| Pelham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 1 | 3 |
| Plainfield, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Prescott, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Southampton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| South Hadley, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | 1 | 1 | – | 2 | 2 | – | – | – |
| Ware, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | 4 | 3 | 7 |
| Westhampton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Williamsburg, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Worthington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 1 | 4 |
| Totals, | 2 | 24 | 26 | 3 | 10 | 13 | 5 | 34 | 39 | 3 | 6 | 9 | 2 | 28 | 30 | 20 | 38 | 58 |

## Middlesex County.

| | | | | | | | | | | | | | | | | | | |
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| Acton, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | 1 | 2 | 3 |
| Arlington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 6 | 6 | 12 |
| Ashby, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Ashland, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | 2 | – | 2 |
| Ayer, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 4 | 5 |
| Bedford, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Belmont, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 3 |
| Billerica, | – | – | – | – | 1 | 1 | – | 1 | 1 | – | – | – | – | 1 | 1 | 4 | 5 | 9 |
| Boxborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | – | 1 |
| Burlington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Cambridge, | 26 | 40 | 66 | 14 | 15 | 29 | 40 | 55 | 95 | 13 | 21 | 34 | 27 | 34 | 61 | 9 | 13 | 22 |
| Carlisle, | 2 | 1 | 3 | – | – | – | 2 | 1 | 3 | – | – | – | 2 | 1 | 3 | 1 | 1 | 2 |
| Chelmsford, | 2 | 4 | 6 | 1 | 1 | 2 | 3 | 5 | 8 | – | 1 | 1 | 3 | 4 | 7 | – | – | – |
| Concord, | 1 | 4 | 5 | – | 1 | 1 | 1 | 5 | 6 | – | 3 | 3 | 1 | 2 | 3 | – | 1 | 1 |
| Dracut, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Dunstable, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Everett, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5 | 12 | 17 |
| Framingham, | 1 | 9 | 10 | 4 | – | 4 | 5 | 9 | 14 | 1 | – | 1 | 4 | 9 | 13 | – | 4 | 4 |
| Groton, | 1 | 2 | 3 | 1 | 2 | 3 | 2 | 4 | 6 | 1 | – | 1 | 1 | 4 | 5 | 2 | 1 | 3 |
| Holliston, | 1 | 7 | 8 | – | – | – | 1 | 7 | 8 | – | 1 | 1 | 1 | 6 | 7 | 2 | 11 | 13 |
| Hopkinton, | 4 | 2 | 6 | 1 | 2 | 3 | 5 | 4 | 9 | 1 | – | 1 | 4 | 4 | 8 | 1 | 5 | 6 |
| Hudson, | – | 8 | 8 | – | 1 | 1 | – | 9 | 9 | – | – | – | – | 9 | 9 | 2 | 7 | 9 |

## Middlesex County — Concluded.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Lexington, | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | – | – | 1 | 4 | 5 | – | – | – |
| Lincoln, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Littleton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Lowell, | 47 | 85 | 132 | 43 | 42 | 85 | 90 | 127 | 217 | 35 | 52 | 87 | 55 | 75 | 130 | 51 | 69 | 120 |
| Malden, | 4 | 15 | 19 | – | 2 | 2 | 4 | 17 | 21 | 1 | – | 1 | 3 | 17 | 20 | 19 | 18 | 37 |
| Marlborough, | 6 | 9 | 15 | 2 | 3 | 5 | 8 | 12 | 20 | 1 | 1 | 2 | 7 | 11 | 18 | 7 | 10 | 17 |
| Maynard, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – | – | 3 | 3 | – | 1 | 1 |
| Medford, | 1 | 7 | 8 | 2 | 2 | 4 | 3 | 9 | 12 | 1 | 2 | 3 | 2 | 7 | 9 | 3 | 12 | 15 |
| Melrose, | 1 | 4 | 5 | – | 3 | 3 | 1 | 7 | 8 | 1 | 2 | 3 | – | 5 | 5 | – | 5 | 5 |
| Natick, | 6 | 6 | 12 | 1 | 1 | 2 | 7 | 7 | 14 | 2 | – | 2 | 5 | 7 | 12 | 2 | 18 | 20 |
| Newton, | 3 | 12 | 15 | – | 1 | 1 | 3 | 13 | 16 | 1 | 2 | 3 | 2 | 11 | 13 | 9 | 12 | 21 |
| North Reading, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Pepperell, | 3 | 4 | 7 | – | 2 | 2 | 3 | 6 | 9 | 1 | – | 1 | 2 | 6 | 8 | – | 4 | 4 |
| Reading, | 1 | – | 1 | – | – | – | 1 | – | 1 | – | – | – | 1 | – | 1 | 1 | 4 | 5 |
| Sherborn, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – |
| Shirley, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Somerville, | 4 | 13 | 17 | – | 4 | 4 | 4 | 17 | 21 | 1 | 3 | 4 | 3 | 14 | 17 | 8 | 15 | 23 |
| Stoneham, | – | 4 | 4 | – | 1 | 1 | – | 5 | 5 | – | – | – | – | 5 | 5 | – | 13 | 13 |
| Stow, | 1 | – | 1 | – | 1 | 1 | 1 | 1 | 2 | – | – | – | 1 | 1 | 2 | – | – | – |
| Sudbury, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Tewksbury, | 1 | 1 | 2 | – | – | – | 1 | 1 | 2 | – | – | – | 1 | 1 | 2 | – | 2 | 2 |
| Townsend, | – | 3 | 3 | – | 2 | 2 | – | 5 | 5 | – | 1 | 1 | – | 4 | 4 | – | 1 | 1 |
| Tyngsborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Wakefield, | 4 | 4 | 8 | – | 1 | 1 | 4 | 5 | 9 | – | – | – | 4 | 5 | 9 | 2 | 3 | 5 |
| Waltham, | 8 | 12 | 20 | – | – | – | 8 | 12 | 20 | – | – | – | 8 | 12 | 20 | 5 | 5 | 10 |
| Watertown, | 2 | 5 | 7 | 1 | 1 | 2 | 3 | 6 | 9 | – | 2 | 2 | 3 | 4 | 7 | 2 | 6 | 8 |
| Wayland, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | 2 | – | 2 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Westford, | – | – | – | 1 | – | 1 | 1 | – | 1 | – | – | – | 1 | – | 1 | – | – | – |
| Weston, | 1 | 1 | 2 | – | – | – | 1 | 1 | 2 | – | – | – | 1 | 1 | 2 | 1 | – | 1 |
| Wilmington, | – | 2 | 2 | – | 1 | 1 | – | 3 | 3 | – | 1 | 1 | – | 2 | 2 | 1 | – | 1 |
| Winchester, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 14 | 15 |
| Woburn, | 10 | 15 | 25 | 1 | 3 | 4 | 11 | 18 | 29 | 2 | 5 | 7 | 9 | 13 | 22 | 6 | 17 | 23 |
| Totals, | 143 | 297 | 440 | 72 | 93 | 165 | 215 | 390 | 605 | 62 | 97 | 159 | 153 | 293 | 446 | 158 | 308 | 466 |

## Nantucket County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nantucket, | 2 | 6 | 8 | – | – | – | 2 | 6 | 8 | 1 | 2 | 3 | 1 | 4 | 5 | – | 2 | 2 |
| Totals, | 2 | 6 | 8 | – | – | – | 2 | 6 | 8 | 1 | 2 | 3 | 1 | 4 | 5 | – | 2 | 2 |

## Norfolk County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avon, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 | 4 |
| Bellingham, | 2 | 3 | 5 | – | – | – | 2 | 3 | 5 | – | 1 | 1 | 2 | 2 | 4 | 1 | 2 | 3 |
| Braintree, | – | 3 | 3 | – | 2 | 2 | – | 5 | 5 | – | 1 | 1 | – | 4 | 4 | – | 1 | 1 |
| Brookline, | 1 | 5 | 6 | 1 | 1 | 2 | 2 | 6 | 8 | – | – | – | 2 | 6 | 8 | 2 | 4 | 6 |
| Canton, | 1 | 3 | 4 | – | 2 | 2 | 1 | 5 | 6 | – | 2 | 2 | 1 | 3 | 4 | 4 | 8 | 12 |
| Cohasset, | 2 | 5 | 7 | – | – | – | 2 | 5 | 7 | – | 1 | 1 | 2 | 4 | 6 | – | – | – |
| Dedham, | 2 | 4 | 6 | 2 | – | 2 | 4 | 4 | 8 | 1 | – | 1 | 3 | 4 | 7 | 4 | 4 | 8 |
| Dover, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Foxborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 5 | 6 |
| Franklin, | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | 4 | 3 | 7 |
| Holbrook, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Hyde Park, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4 | 12 | 16 |
| Medfield, | 1 | 1 | 2 | – | 1 | 1 | 1 | 2 | 3 | – | 1 | 1 | 1 | 1 | 2 | – | – | – |
| Medway, | 2 | 5 | 7 | – | – | – | 2 | 5 | 7 | – | 1 | 1 | 2 | 4 | 6 | 2 | 4 | 6 |
| Millis, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Milton, | – | 6 | 6 | – | – | – | – | 6 | 6 | – | 1 | 1 | – | 5 | 5 | 3 | 2 | 5 |
| Needham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 3 | 5 |
| Norfolk, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Norwood, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 3 | 4 |
| Plainville, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |

## Norfolk County — Concluded.

| LOCATION. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 months. | | | Deaths, Discharges and Transfers for 12 months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Quincy, | 8 | 7 | 15 | – | 3 | 3 | 8 | 10 | 18 | 1 | 4 | 5 | 7 | 6 | 13 | 2 | 6 | 8 |
| Randolph, | 2 | 7 | 9 | – | – | – | 2 | 7 | 9 | 1 | 1 | 2 | 1 | 6 | 7 | 2 | 1 | 3 |
| Sharon, | – | 5 | 5 | – | – | – | – | 5 | 5 | – | 1 | 1 | – | 4 | 4 | 1 | – | 1 |
| Stoughton, | 1 | 5 | 6 | – | – | – | 1 | 5 | 6 | – | 2 | 2 | 1 | 3 | 4 | 2 | 8 | 10 |
| Walpole, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Wellesley, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | 3 | 3 |
| Westwood, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Weymouth, | 3 | 9 | 12 | 3 | 3 | 6 | 6 | 12 | 18 | 2 | 1 | 3 | 4 | 11 | 15 | 6 | 14 | 20 |
| Wrentham, | – | 3 | 3 | 1 | – | 1 | 1 | 3 | 4 | – | 2 | 2 | 1 | 1 | 2 | – | – | – |
| Totals, | 28 | 76 | 104 | 7 | 12 | 19 | 35 | 88 | 123 | 5 | 19 | 24 | 30 | 69 | 99 | 44 | 95 | 139 |

## Plymouth County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Abington, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 3 | 5 |
| Bridgewater, | 2 | 1 | 3 | – | – | – | 2 | 1 | 3 | 1 | – | 1 | 1 | 1 | 2 | 2 | 2 | 4 |
| Brockton, | 3 | 13 | 16 | – | 4 | 4 | 3 | 17 | 20 | – | 1 | 1 | 3 | 16 | 19 | 16 | 19 | 35 |
| Carver, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 4 | 7 |
| Duxbury, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | 1 | 8 | 9 |
| East Bridgewater, | – | 5 | 5 | – | – | – | – | 5 | 5 | – | – | – | – | 5 | 5 | – | 5 | 5 |
| Halifax, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hanover, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | 1 | 6 | 7 |
| Hanson, | – | 4 | 4 | – | – | – | – | 4 | 4 | – | 1 | 1 | – | 3 | 3 | – | 3 | 3 |
| Hingham, | – | 4 | 4 | – | 1 | 1 | – | 5 | 5 | – | 1 | 1 | – | 4 | 4 | 4 | 8 | 12 |

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hull, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 1 |
| Kingston, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 2 |
| Lakeville, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Marion, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Marshfield, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | 5 | 5 |
| Mattapoisett, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | – | 2 | 2 |
| Middleborough, | – | 6 | 6 | – | 2 | 2 | – | 8 | 8 | – | – | – | – | 8 | 8 | 4 | 9 | 13 |
| Norwell, | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | 1 | 1 | 2 | – | 2 | 2 | – | 5 | 5 |
| Pembroke, | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | – | – | 1 | 3 | 4 | – | 2 | 2 |
| Plymouth, | – | 4 | 4 | 2 | 2 | 4 | 2 | 6 | 8 | 1 | – | 1 | 1 | 6 | 7 | 6 | 13 | 19 |
| Plympton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Rochester, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 2 | 3 |
| Rockland, | 1 | 6 | 7 | – | – | – | 1 | 6 | 7 | – | 1 | 1 | 1 | 5 | 6 | – | 9 | 9 |
| Scituate, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 8 | 10 |
| Wareham, | 4 | 2 | 6 | – | – | – | 4 | 2 | 6 | – | – | – | 4 | 2 | 6 | 6 | 7 | 13 |
| West Bridgewater, | 2 | 1 | 3 | – | – | – | 2 | 1 | 3 | – | – | – | 2 | 1 | 3 | – | 1 | 1 |
| Whitman, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7 | 11 | 18 |
| Totals, | 15 | 59 | 74 | 2 | 9 | 11 | 17 | 68 | 85 | 3 | 5 | 8 | 14 | 63 | 77 | 57 | 139 | 196 |

## Suffolk County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Boston,[1] | 140 | 200 | 340 | 72 | 109 | 181 | 212 | 309 | 521 | 77 | 118 | 195 | 135 | 191 | 326 | 256 | 575 | 831 |
| Chelsea, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 8 | 15 | 23 |
| Revere, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 6 | 5 | 11 |
| Winthrop, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 2 | 5 |
| Totals, | 140 | 200 | 340 | 72 | 109 | 181 | 212 | 309 | 521 | 77 | 118 | 195 | 135 | 191 | 326 | 273 | 597 | 870 |

## Worcester County.

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ashburnham, | 2 | 2 | 4 | – | 3 | 3 | 2 | 5 | 7 | – | 1 | 1 | 2 | 4 | 6 | – | 2 | 2 |
| Athol, | – | 9 | 9 | – | – | – | – | 9 | 9 | – | 3 | 3 | – | 6 | 6 | 3 | 6 | 9 |
| Auburn, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Barre, | 3 | 8 | 11 | – | – | – | 3 | 8 | 11 | 1 | 4 | 5 | 2 | 4 | 6 | – | – | – |

[1] Including Charlestown.

## Worcester County — Concluded.

| Location. | In Almshouses. | | | | | | | | | | | | | | | Outdoor Relief, Town, City and State, for 12 Months. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Inmates Sept. 1, 1908. | | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | | Total Inmates and Admissions for 12 Months. | | | Deaths, Discharges and Transfers for 12 Months. | | | Inmates Sept. 1, 1909. | | | | | |
| | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. | 65 to 69. | 70 and Over. | Total. |
| Berlin, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Blackstone, | 4 | 2 | 6 | – | 1 | 1 | 4 | 3 | 7 | – | – | – | 4 | 3 | 7 | 5 | 3 | 8 |
| Bolton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Boylston, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Brookfield, | – | 4 | 4 | – | – | – | – | 4 | 4 | – | – | – | – | 4 | 4 | – | – | – |
| Charlton, | 3 | 9 | 12 | 1 | – | 1 | 4 | 9 | 13 | – | – | – | 4 | 9 | 13 | – | 1 | 1 |
| Clinton, | 4 | 11 | 15 | – | 2 | 2 | 4 | 13 | 17 | – | 2 | 2 | 4 | 11 | 15 | 3 | 5 | 8 |
| Dana, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | 1 | – | 1 |
| Douglas, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | 1 | 2 | 3 |
| Dudley, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fitchburg, | 6 | 19 | 25 | 2 | 1 | 3 | 8 | 20 | 28 | 5 | 1 | 6 | 3 | 19 | 22 | 4 | 10 | 14 |
| Gardner, | 4 | 7 | 11 | 1 | 2 | 3 | 5 | 9 | 14 | – | 1 | 1 | 5 | 8 | 13 | 2 | 6 | 8 |
| Grafton, | 2 | 3 | 5 | 1 | – | 1 | 3 | 3 | 6 | – | – | – | 3 | 3 | 6 | – | 2 | 2 |
| Hardwick, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | 2 | 2 |
| Harvard, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Holden,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Hopedale, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Hubbardston,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Lancaster, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | 1 | 1 |
| Leicester,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Leominster, | 2 | 4 | 6 | – | – | – | 2 | 4 | 6 | – | – | – | 2 | 4 | 6 | 2 | 5 | 7 |
| Lunenburg, | – | 2 | 2 | – | 2 | 2 | – | 4 | 4 | – | 3 | 3 | – | 1 | 1 | – | 1 | 1 |
| Mendon, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 | 2 |
| Milford, | 6 | 14 | 20 | 1 | 2 | 3 | 7 | 16 | 23 | 2 | 4 | 6 | 5 | 12 | 17 | 1 | 4 | 5 |
| Millbury, | – | 5 | 5 | – | – | – | – | 5 | 5 | – | 2 | 2 | – | 3 | 3 | – | 3 | 3 |
| New Braintree, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Northborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |

| | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Northbridge, | 2 | 3 | 5 | – | – | – | 2 | 3 | 5 | – | 1 | 1 | 2 | 2 | 4 | 2 | 1 | 3 |
| North Brookfield, | 3 | 3 | 6 | – | 1 | 1 | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | – | 2 | 2 |
| Oakham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Oxford, | 1 | 5 | 6 | – | – | – | 1 | 5 | 6 | – | – | – | 1 | 5 | 6 | – | 4 | 4 |
| Paxton,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Petersham, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3 | 3 |
| Phillipston, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Princeton,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Royalston, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Rutland, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Shrewsbury, | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – | – | 1 | 1 | – | – | – |
| Southborough, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2 | 2 |
| Southbridge, | – | 9 | 9 | – | – | – | – | 9 | 9 | – | – | – | – | 9 | 9 | – | – | – |
| Spencer, | 1 | 5 | 6 | 2 | – | 2 | 3 | 5 | 8 | – | – | – | 3 | 5 | 8 | – | 3 | 3 |
| Sterling, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Sturbridge, | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | – | – | – | 1 | 2 | 3 | 3 | 1 | 4 |
| Sutton, | – | 2 | 2 | – | – | – | – | 2 | 2 | – | – | – | – | 2 | 2 | 1 | – | 1 |
| Templeton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Upton, | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Uxbridge, | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | 1 | – | 1 |
| Warren, | – | 3 | 3 | – | – | – | – | 3 | 3 | – | – | – | – | 3 | 3 | – | 5 | 5 |
| Webster, | 3 | 6 | 9 | – | – | – | 3 | 6 | 9 | 1 | 1 | 2 | 2 | 5 | 7 | 4 | 3 | 7 |
| West Boylston, | – | 2 | 2 | – | 1 | 1 | – | 3 | 3 | – | – | – | – | 3 | 3 | 2 | – | 2 |
| Westborough, | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | – | – | – | 3 | 4 | 7 | – | 3 | 3 |
| West Brookfield, | 2 | 4 | 6 | – | – | – | 2 | 4 | 6 | – | – | – | 2 | 4 | 6 | – | 2 | 2 |
| Westminster,[1] | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Winchendon, | 1 | 5 | 6 | – | – | – | 1 | 5 | 6 | – | 1 | 1 | 1 | 4 | 5 | – | 2 | 2 |
| Worcester, | 25 | 54 | 79 | 9 | 14 | 23 | 34 | 68 | 102 | 6 | 6 | 12 | 28 | 62 | 90 | 3 | 11 | 14 |
| Totals, | 83 | 218 | 301 | 17 | 29 | 46 | 100 | 247 | 347 | 15 | 30 | 45 | 85 | 217 | 302 | 39 | 107 | 146 |
| Totals for counties, | 659 | 1,439 | 2,098 | 281 | 436 | 717 | 940 | 1,875 | 2,815 | 244 | 441 | 685 | 696 | 1,434 | 2,130 | 993 | 2,082 | 3,075 |
| State Farm, Bridgewater, | 50 | 66 | 116 | 70 | 62 | 132 | 120 | 128 | 248 | 40 | 21 | 61 | 80 | 107 | 187 | – | – | – |
| State Infirmary, Tewksbury, | 69 | 104 | 173 | 180 | 141 | 321 | 249 | 245 | 494 | 164 | 173 | 337 | 85 | 72 | 157 | – | – | – |
| Totals for State Farm and State Infirmary, | 119 | 170 | 289 | 250 | 203 | 453 | 369 | 373 | 742 | 204 | 194 | 398 | 165 | 179 | 344 | – | – | – |
| Grand totals, | 778 | 1,609 | 2,387 | 531 | 639 | 1,170 | 1,309 | 2,248 | 3,557 | 448 | 635 | 1,083 | 861 | 1,613 | 2,474 | – | – | – |

[1] See Charlton.

# Appendix C.

## AGED INMATES OF BENEVOLENT HOMES, 1908-09.

### Berkshire County.

| Location. | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Pittsfield: — | | | | | | | | | | | | |
| Berkshire County Home for Aged Women, | 20 | 24 | 2 | 3 | 22 | 27 | 3 | 3 | 22 | 27 | 19 | 24 |
| Totals, | 20 | 24 | 2 | 3 | 22 | 27 | 3 | 3 | 22 | 27 | 19 | 24 |

### Bristol County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fall River: — | | | | | | | | | | | | |
| Home for Aged People, | 23 | 27 | 2 | 2 | 25 | 29 | 2 | 2 | 25 | 29 | 23 | 27 |
| New Bedford: — | | | | | | | | | | | | |
| Home for Aged People, | 7 | 8 | 1 | 2 | 8 | 10 | 1 | 1 | 8 | 10 | 7 | 9 |
| St. Mary's Home, | 4 | 4 | – | – | 4 | 4 | – | – | 4 | 4 | 4 | 4 |
| Taunton: — | | | | | | | | | | | | |
| Female Charitable Association, | 11 | 13 | 5 | 6 | 16 | 19 | 3 | 3 | 16 | 19 | 13 | 16 |
| Totals, | 45 | 52 | 8 | 10 | 53 | 62 | 6 | 6 | 53 | 62 | 47 | 56 |

## Essex County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amesbury: — | | | | | | | | | | | | |
| Home for Aged Women, | 6 | 8 | – | – | 6 | 8 | – | – | 6 | 8 | 6 | 8 |
| Beverly: — | | | | | | | | | | | | |
| Old Ladies' Home, | 6 | 6 | 1 | 1 | 7 | 7 | – | – | 7 | 7 | 7 | 7 |
| Danvers: — | | | | | | | | | | | | |
| Home for the Aged, | 2 | 3 | – | 1 | 2 | 4 | – | – | 2 | 4 | 2 | 4 |
| Georgetown: — | | | | | | | | | | | | |
| Carlton Home, | 3 | 3 | – | – | 3 | 3 | – | – | 3 | 3 | 3 | 3 |
| Gloucester: — | | | | | | | | | | | | |
| Huntress Old Ladies' Home, | 9 | 11 | 4 | 4 | 13 | 15 | – | – | 13 | 15 | 13 | 15 |
| Gilbert Home, | 3 | 6 | – | – | 3 | 6 | – | – | 3 | 6 | 3 | 6 |
| Haverhill: — | | | | | | | | | | | | |
| Old Ladies' Home, | 25 | 25 | 1 | 1 | 26 | 26 | 1 | 1 | 26 | 26 | 25 | 25 |
| Lawrence: — | | | | | | | | | | | | |
| German Ruth Society, | 3 | 4 | – | 1 | 3 | 5 | 2 | 3 | 3 | 5 | 1 | 2 |
| Lawrence Home for the Aged, | 10 | 11 | 2 | 2 | 12 | 13 | 1 | 1 | 12 | 13 | 11 | 12 |
| Lynn: — | | | | | | | | | | | | |
| Home for Aged Men, | 2 | 3 | 2 | 3 | 4 | 6 | – | – | 4 | 6 | 4 | 6 |
| Home for Aged Women, | 18 | 21 | – | – | 18 | 21 | 1 | 1 | 18 | 21 | 17 | 20 |
| Newburyport: — | | | | | | | | | | | | |
| Home for Aged Men, | 7 | 7 | 1 | 1 | 8 | 8 | 4 | 4 | 8 | 8 | 4 | 4 |
| Old Ladies' Home, | 12 | 14 | 1 | 2 | 13 | 16 | – | – | 13 | 16 | 13 | 16 |
| Peabody: — | | | | | | | | | | | | |
| Charles B. Haven Home for Men, | 3 | 3 | – | – | 3 | 3 | – | – | 3 | 3 | 3 | 3 |
| Sutton Home for Aged Women, | 7 | 7 | – | – | 7 | 7 | 1 | 1 | 7 | 7 | 6 | 6 |
| Salem: — | | | | | | | | | | | | |
| Home for Aged Women, | 24 | 24 | 1 | 1 | 25 | 25 | 1 | 1 | 25 | 25 | 24 | 24 |
| Bertram Home for Aged Men, | 15 | 16 | 2 | 3 | 17 | 19 | 5 | 5 | 17 | 19 | 12 | 14 |
| Orphan Asylum, | 17 | 22 | 1 | 1 | 18 | 23 | 1 | 1 | 18 | 23 | 17 | 22 |
| Totals, | 172 | 194 | 16 | 21 | 188 | 215 | 17 | 18 | 188 | 215 | 171 | 197 |

## Hampden County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Holyoke: — | | | | | | | | | | | | |
| Home for Aged Women, | 25 | 36 | 1 | 3 | 26 | 39 | – | – | 26 | 39 | 26 | 39 |
| Father Haskins Home for Aged Women, | – | – | 10 | 11 | 10 | 11 | 7 | 8 | 10 | 11 | 3 | 3 |

## Hampden County — Concluded.

| LOCATION. | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Springfield: — | | | | | | | | | | | | |
| Home for Aged Men, | 5 | 5 | – | – | 5 | 5 | – | – | 5 | 5 | 5 | 5 |
| Home for Aged Women, | 30 | 33 | 3 | 4 | 33 | 37 | 4 | 4 | 33 | 37 | 29 | 33 |
| Home for Friendless Women and Children, | 3 | 3 | 3 | 5 | 6 | 8 | – | – | 6 | 8 | 6 | 8 |
| Westfield: — | | | | | | | | | | | | |
| Home for Aged Invalid Women, | 1 | 1 | – | – | 1 | 1 | – | – | 1 | 1 | 1 | 1 |
| Sarah Gillett Home, | 3 | 3 | 10 | 10 | 13 | 13 | – | – | 13 | 13 | 13 | 13 |
| Totals, | 67 | 81 | 27 | 33 | 94 | 114 | 11 | 12 | 94 | 114 | 83 | 102 |

## Hampshire County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Northampton: — | | | | | | | | | | | | |
| Home for Aged Invalid Women, | 6 | 7 | 2 | 2 | 8 | 9 | – | – | 8 | 9 | 8 | 9 |
| Totals, | 6 | 7 | 2 | 2 | 8 | 9 | – | – | 8 | 9 | 8 | 9 |

## Middlesex County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cambridge: — | | | | | | | | | | | | |
| The Baptist Home, | 27 | 31 | 1 | 3 | 28 | 34 | 1 | 1 | 28 | 34 | 27 | 33 |
| Cambridge Home for Aged People, | 27 | 34 | 2 | 4 | 29 | 38 | 3 | 3 | 29 | 38 | 26 | 35 |
| Concord: — | | | | | | | | | | | | |
| Home for the Aged, | 6 | 6 | 2 | 2 | 8 | 8 | – | – | 8 | 8 | 8 | 8 |
| Everett: — | | | | | | | | | | | | |
| Home for Deaf Mutes, Aged and Blind, | 6 | 8 | – | 1 | 6 | 9 | 3 | 3 | 6 | 9 | 3 | 6 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Framingham: — | | | | | | | | | | | | |
| Home for Aged Men and Women, | 6 | 7 | 3 | 4 | 9 | 11 | 1 | 1 | 9 | 11 | 8 | 10 |
| Lowell: — | | | | | | | | | | | | |
| Battles Home for Aged Men, | 4 | 4 | 1 | 1 | 5 | 5 | 2 | 2 | 5 | 5 | 3 | 3 |
| Old Ladies' Home, | 40 | 43 | 1 | 1 | 41 | 44 | 2 | 2 | 41 | 44 | 39 | 42 |
| Malden: — | | | | | | | | | | | | |
| Home for Aged People, | 19 | 21 | 2 | 2 | 21 | 23 | – | – | 21 | 23 | 21 | 23 |
| Medford: — | | | | | | | | | | | | |
| Home for Aged, | 6 | 7 | 1 | 2 | 7 | 9 | – | – | 7 | 9 | 7 | 9 |
| Newton: — | | | | | | | | | | | | |
| Home for Aged People, | 13 | 15 | 2 | 2 | 15 | 17 | 2 | 2 | 15 | 17 | 13 | 15 |
| Reading: — | | | | | | | | | | | | |
| Home for Aged Women, | 7 | 10 | 1 | 1 | 8 | 11 | – | 1 | 8 | 11 | 8 | 10 |
| Somerville: — | | | | | | | | | | | | |
| Home for the Aged, | 8 | 9 | – | – | 8 | 9 | – | – | 8 | 9 | 8 | 9 |
| Little Sisters of the Poor, | 200 | 295 | 70 | 81 | 270 | 376 | 81 | 81 | 270 | 376 | 189 | 295 |
| Wakefield: — | | | | | | | | | | | | |
| Home for Aged Women, | 5 | 5 | 1 | 1 | 6 | 6 | – | – | 6 | 6 | 6 | 6 |
| Waltham: — | | | | | | | | | | | | |
| Leland Home, | 8 | 8 | – | – | 8 | 8 | 5 | 5 | 8 | 8 | 3 | 3 |
| Winchester: — | | | | | | | | | | | | |
| Home for Aged People, | 3 | 4 | 1 | 1 | 4 | 5 | – | – | 4 | 5 | 4 | 5 |
| Woburn: — | | | | | | | | | | | | |
| Home for Aged Women, | 10 | 11 | – | – | 10 | 11 | – | – | 10 | 11 | 10 | 11 |
| Totals, | 395 | 518 | 88 | 106 | 483 | 624 | 100 | 101 | 483 | 624 | 383 | 523 |

## Norfolk County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Braintree: — | | | | | | | | | | | | |
| Old People's Home, | 1 | 1 | 3 | 4 | 4 | 5 | – | – | 4 | 5 | 4 | 5 |
| Norfolk: — | | | | | | | | | | | | |
| Kings Daughters and Sons Home for Aged, | 10 | 12 | – | – | 10 | 12 | 1 | 1 | 10 | 12 | 9 | 11 |
| Quincy: — | | | | | | | | | | | | |
| National Sailors' Home, | 5 | 8 | 3 | 5 | 8 | 13 | – | – | 8 | 13 | 8 | 13 |
| Sailors' Snug Harbor, | 22 | 27 | 2 | 5 | 24 | 32 | 5 | 5 | 24 | 32 | 19 | 27 |
| Milton: — | | | | | | | | | | | | |
| Leopold Morse Home for Infirm Hebrews and Orphanage, | 5 | 9 | 1 | 1 | 6 | 10 | 1 | 1 | 6 | 10 | 5 | 9 |
| Totals, | 43 | 57 | 9 | 15 | 52 | 72 | 7 | 7 | 52 | 72 | 45 | 65 |

## Plymouth County.

| LOCATION. | Inmates Sept. 1, 1908. | | Admitted Sept. 1, 1908, to Sept. 1, 1909. | | Total Inmates and Admissions for 12 Months. | | Deaths, Discharges and Transfers for 12 Months. | | Net Total for 12 Months, Exclusive of Transfers. | | Inmates Sept. 1, 1909. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. | 70 and Over. | 65 and Over. |
| Brockton: — | | | | | | | | | | | | |
| Wales Home for Aged Women, | 15 | 15 | 5 | 5 | 20 | 20 | – | – | 20 | 20 | 20 | 20 |
| Plymouth: — | | | | | | | | | | | | |
| Rider Home for Aged, | 6 | 7 | – | 1 | 6 | 8 | 4 | 4 | 6 | 8 | 2 | 4 |
| Totals, | 21 | 22 | 5 | 6 | 26 | 28 | 4 | 4 | 26 | 28 | 22 | 24 |

## Suffolk County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Boston: — | | | | | | | | | | | | |
| Home for Incurables, | 7 | 11 | – | – | 7 | 11 | – | – | 7 | 11 | 7 | 11 |
| Cullis Consumptives Home, | 6 | 7 | – | – | 6 | 7 | 2 | 2 | 6 | 7 | 4 | 5 |
| Burnap Free Home for Women (Dorchester), | 14 | 15 | – | 2 | 14 | 17 | 2 | 2 | 14 | 17 | 12 | 15 |
| Free Home for Consumptives, | – | 1 | 1 | 1 | 1 | 2 | – | 1 | 1 | 2 | 1 | 1 |
| Home for Aged Colored Women, | 15 | 19 | 1 | 1 | 16 | 20 | 2 | 2 | 16 | 20 | 14 | 18 |
| Home for Aged Men, | 41 | 46 | 7 | 7 | 48 | 53 | 10 | 10 | 48 | 53 | 38 | 43 |
| Home for Aged Women, | 76 | 85 | 9 | 13 | 85 | 98 | 12 | 14 | 85 | 98 | 73 | 84 |
| Ladies Unity Club (Roxbury), | 7 | 7 | 1 | 1 | 8 | 8 | 1 | 1 | 8 | 8 | 7 | 7 |
| Little Sisters of the Poor (Roxbury), | 169 | 259 | 29 | 51 | 198 | 310 | 71 | 71 | 198 | 310 | 127 | 239 |
| Home for Aged Women (Roxbury), | 27 | 29 | 2 | 2 | 29 | 31 | 2 | 2 | 29 | 31 | 27 | 29 |
| St. Monica's Home for Sick Colored Women and Children, | 2 | 3 | 3 | 5 | 5 | 8 | 2 | 2 | 5 | 8 | 3 | 6 |
| The Pond Home, | – | – | – | 2 | – | 2 | – | – | – | 2 | – | 2 |
| St. Francis Home (Roxbury), | 11 | 11 | – | – | 11 | 11 | – | – | 11 | 11 | 11 | 11 |
| Trinity Home for the Aged, R. L. Allen Memorial, | 13 | 13 | – | – | 13 | 13 | 1 | 1 | 13 | 13 | 12 | 12 |
| Temporary Home for Working Women, | – | 1 | 2 | 9 | 2 | 10 | 1 | 9 | 2 | 10 | 1 | 1 |
| The Mt. Pleasant Home, | 14 | 19 | 5 | 7 | 19 | 26 | 5 | 7 | 19 | 26 | 14 | 19 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Winchester Home for Aged Women (Charlestown), | 26 | 30 | 2 | 3 | 28 | 33 | 4 | 4 | 28 | 33 | 24 | 29 |
| Old Ladies' Home (Chelsea), | 10 | 10 | – | 3 | 10 | 13 | 3 | 3 | 10 | 13 | 7 | 10 |
| Soldiers' Home (Chelsea), | 199 | 330 | 68 | 108 | 267 | 438 | 61 | 86 | 267 | 438 | 206 | 352 |
| Totals, | 637 | 896 | 130 | 215 | 767 | 1,111 | 179 | 217 | 767 | 1,111 | 588 | 894 |

## Worcester County.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fitchburg: — | | | | | | | | | | | | |
| Old Ladies' Home, | 10 | 13 | – | – | 10 | 13 | – | – | 10 | 13 | 10 | 13 |
| Gardner: — | | | | | | | | | | | | |
| Home for Aged People, | 5 | 6 | – | – | 5 | 6 | 1 | 1 | 5 | 6 | 4 | 5 |
| Leominster: — | | | | | | | | | | | | |
| Home for Old Ladies, | 7 | 7 | 2 | 3 | 9 | 10 | 3 | 3 | 9 | 10 | 6 | 7 |
| Worcester: — | | | | | | | | | | | | |
| Home for Aged Men, | 8 | 8 | 2 | 2 | 10 | 10 | 4 | 4 | 10 | 10 | 6 | 6 |
| Home for Aged Women, | 25 | 25 | – | – | 25 | 25 | – | – | 25 | 25 | 25 | 25 |
| Women's Progressive Club — Home for Colored Women, | 1 | 3 | – | 1 | 1 | 4 | – | 1 | 1 | 4 | 1 | 3 |
| Memorial Home for the Blind, | 2 | 3 | – | – | 2 | 3 | – | – | 2 | 3 | 2 | 3 |
| Odd Fellows' Home, | 44 | 55 | 11 | 13 | 55 | 68 | 1 | 2 | 55 | 68 | 54 | 66 |
| St. Francis Home for the Aged, | 69 | 76 | 43 | 64 | 112 | 140 | 10 | 13 | 112 | 140 | 102 | 127 |
| St. Vincent Home, | 37 | 52 | 1 | 5 | 38 | 57 | – | – | 38 | 57 | 38 | 57 |
| Totals, | 208 | 248 | 59 | 88 | 267 | 336 | 19 | 24 | 267 | 336 | 248 | 312 |
| Grand totals, | 1,614 | 2,099 | 346 | 499 | 1,960 | 2,598 | 346 | 392 | 1,960 | 2,598 | 1,614 | 2,206 |

## Appendix D.

### LEGISLATION RELATING TO TEACHERS' PENSIONS.

No special investigation of the subject of teachers' pensions has been made by this commission. This subject was not regarded as within the strict limits of the commission's province of inquiry, according to the apparent intent of the Legislature. The following report concerning the present status of retiring allowances for public school teachers, transmitted to the commission by the secretary of the Carnegie Foundation for the Advancement of Teaching, embodies recent information on this question. It should be observed, however, that this report does not cover the legislation of 1908 and 1909.

Mention should be made here of the veto of a teachers' pension bill in Wisconsin in 1909. The bill as passed by the Legislature was vetoed by Governor Davidson on the ground of unconstitutionality. The bill provided for the creation of a teachers' retirement fund by an assessment of 1 per cent. annually upon the salaries of the teachers. All teachers commencing to teach after September 1, 1909, were to be compelled to contribute to the fund. Teachers who had begun teaching before that date might elect to take advantage of the provisions of the act, if their past service did not exceed twenty-five years, by paying an amount equal to 1 per cent. per annum of the salaries received during their past service. The largest pension was to be $300, payable to teachers who had served for twenty-five years. Pensions smaller in amount were provided for teachers with shorter periods of service, down to fifteen years. The main reason for the veto of the act, as stated by the Governor, was grave doubt concerning the constitutionality of appropriating money from the general fund of the State for the payment of pensions in the manner proposed. "The question of the constitutionality of the act," said the Governor in his veto message, "has been considered by the Attorney-General, at my request, and he has given his opinion that those features of the act which apply to teachers not engaged in teaching at the time it will take effect are unconstitutional and void, on the ground that in such a case the annuity provided becomes a mere gratuity, the giving of which is not au-

thorized by the constitution, since the principle is uniformly recognized that the power to tax must be for a public purpose only. It seems to be conceded, by those capable of passing judgment on that matter, that so far as this act undertakes to give this annuity, based on past services of a teacher, it cannot be sustained." The Governor further quotes, from the opinion given by the Attorney-General, the following: "Notwithstanding the holding of other courts, it may be doubtful whether or not the purposes of the bill, laudable as they may be, would, in the judgment of our supreme court, justify the appropriation out of the general fund of the State, which is raised by taxation."

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## Retiring Allowances for Public School Teachers.

### *State Systems.*

In two States of the Union, New Jersey and Maryland, there are retiring allowance systems administered by the State and open to all teachers.

*The Retiring Allowance System of New Jersey.* — This consists of two funds: first, the State retirement fund; and second, the local service fund.

*First.* — The State retirement fund. This fund is administered by a board composed of three appointees of the Governor of New Jersey, and three members elected by the State Teachers' Association and the superintendent of public instruction, *ex officio*. All teachers in the public schools of New Jersey are compelled to associate themselves in this fund. A teacher of less than ten years' service contributes to the fund 2 per cent. of his or her salary; a teacher of a service between ten and fifteen years contributes 2½ per cent.; and a teacher of more than fifteen years contributes 3 per cent. The contribution is not, however, to exceed $50 per year. A teacher who is incapacitated after twenty years' service may be retired upon three-fifths of the average salary of the last five years; minimum retirement, $250; maximum retirement, $650. Teachers leaving the New Jersey public schools lose membership and receive no indemnification therefor.

*Second.* — The local service fund. Each local board of education is compelled, out of the local school funds, to pay a retiring allowance to a teacher who has taught thirty-five years in the public schools of New Jersey, and twenty years in the schools of the local board of education paying the allowance. The allowance is to be one-half of the average salary for the last five years. No assessment is permitted upon teachers. Both of these funds, the Commonwealth and the municipal, were entirely remodeled by law of 1908.

*The Retiring Allowance System of Maryland.* — A teacher having twenty-five years of service and being sixty years of age, who "by reason of physical or mental disability or infirmity is unable to teach longer," may be placed upon "the teachers' retired list" by the State board of education, upon the recommendation of any board of county commissioners. The applicant "must be without comfortable means of support." The State board of education shall certify such action to the comptroller of the State treasurer, who shall thereupon issue his warrant to the State treasurer for the payment to every such retired teacher of $200 per annum from the State treasury. (Law of 1902, as amended in 1906.)

*State Laws permitting Local Retirement Funds for Teachers.*

The States of Ohio, Illinois and California have passed acts authorizing the local school authorities, if they see fit, to create teachers' retiring funds. In Ohio these laws give such authority to all school districts, in California to all cities, in Illinois to the boards of education of cities having a population exceeding 100,000. A similar authority has been given by the Legislatures of Massachusetts and Rhode Island to the boards of education of Boston and Providence, respectively. In Michigan, also, certain cities may create funds; and in the State of New York, the cities of New York, Buffalo and Poughkeepsie are given a similar authority. The State of South Carolina has permitted the city of Charleston to create a retirement fund by compulsory assessments upon all teachers. The Illinois law, originally mandatory upon the local authorities, is by amendment now only permissory. The Ohio law originally provided for a compulsory withholding of a percentage of all teachers' salaries; but this provision was declared unconstitutional by the Ohio supreme court, upon action by the school teachers of Toledo. The supreme court of Minnesota declared unconstitutional the act of the Minnesota Legislature creating a retirement fund by such compulsory assessments in the city of Minneapolis.

*New York.* — City of New York. The retirement fund, first, consists of certain fines inflicted upon teachers for absence, whether absence is due to illness or any other cause; and, second, of 5 per cent. of all the moneys raised in the city of New York by the State excise licenses granted to sell spirituous or malt liquors. The fund may also receive donations, legacies and gifts. It is administered by the board of education, and is applicable only to teachers 65 years of age, whose term of teaching has been thirty years, twenty of which at least, have been spent in the public schools of New York City. In normal schools the teacher needs only to have taught ten of the thirty years in New York City. Teachers in charitable or correctional institutions controlled by the

city are also eligible. The applicants must be recommended by the city superintendent of schools and the vote in the board of education must be carried by a two-thirds majority. The board uses its discretion in all cases, including the amount of the allowance, although one-half the last salary is the rule. The board can use both principal and interest, if it sees fit. The fund amounts now to about $300,000, and it seems doubtful if the interest on this would be sufficient to grant allowances to all who could receive them.

City of Poughkeepsie. The retirement fund consists, first, of 2 per cent. of the salaries paid to all the teachers, deducted from their salaries monthly; and, second, of all money, pay, compensation or salary, or any part thereof, forfeited, deducted or withheld for or on account of absence from duty for any cause. (Law of 1902.) Authority is also given to receive donations, legacies, gifts, and bequests.

*Ohio.* — Local authorities in any school district may create a retiring fund, which shall consist of an assessment of $2 a month, or $20 a year, upon the salaries of all such teachers as signify their willingness to join. Such teachers are alone eligible for retirement. The teacher may retire after twenty years of teaching in Ohio, provided three-fifths of such teaching has been spent in the service of the local district or county distributing the fund. The amount of the allowance is $10 a year for each year of service, but is never to exceed $500 a year. Both the principal and interest of the fund may be used. A teacher resigning may claim one-half of the sum paid by him or her into the fund.

*California.* — City of San Francisco. The fund consists, first, of $12 a year deducted from each teacher's salary, and $6 from evening school teachers receiving less than $50 a month; and, second, not less than half of sums forfeited by absence from duty. The fund is administered by a commission consisting of the mayor, the superintendent of schools and the county treasurer. A retirement committee of five teachers, one at least from primary grades and grammar grades, recommends applicants. Applicants must have paid assessments for thirty years. An annuity of $50 a month is paid, with a proportionate annuity to incapacitated teachers who have been assessed for five years.

*South Carolina.* — City of Charleston. The fund is made up of 1 per cent. compulsory assessment upon all teachers' salaries. The retiring allowance is $250 a year, given only to those who imperatively require it.

*Michigan.* — City of Detroit. The fund consists, first, of assessments upon teachers' salaries, ranging from 1 per cent. to 3 per cent.; second, of fees of non-resident pupils; third, of interest on

daily balances of money appropriated for teachers' salaries; fourth, all moneys deducted from teachers' salaries for absence or any other cause, — income from this source to cease, except by two-thirds vote of the Board of Education, when the fund amounts to $100,000. The fund is in the hands of a board of trustees, consisting of the president of the board of education, the president *pro tempore* of the board, the chairman of the committee on teachers, the superintendent of schools, and three teachers elected by contributors to fund, on teacher elected each year. This board recommends to the board of education the amount of the assessment. Teachers are eligible who have taught thirty years, twenty of which shall be in public schools of Detroit. Twenty-five years of teaching alone in Detroit will also give eligibility. By two-thirds vote of the trustees, incapacitated teachers of twenty years' service, ten of them in Detroit, are eligible. The allowance shall not exceed $250 per annum. Teachers resigning or being removed from service may receive, at the discretion of the trustees, not more than one-half of their contributions.

*Massachusetts.* — City of Boston. The fund is composed of $3 withheld from teachers' salaries each alternate month. It is in custody of a board of trustees, consisting of the superintendent of schools, *ex officio,* three male and three female teachers elected by teachers, and three members of the school committee elected by the committee. To be eligible, a teacher must have taught thirty years, ten in the public schools of Boston, and have contributed $540 to the fund. Incapacitated teachers of ten years' service are eligible. The amount of the allowance is in the discretion of the trustees, but all allowances must be uniform. Assessments are compulsory upon all teachers entering the service after passage of act (1900), and upon other teachers who may have once elected to come under its provisions. Teachers retiring from teaching after ten years' assessments may receive back one-half of their contributions.[1]

### Teachers Mutual Benefit Associations.

*Retirement Funds.*

These exist in the cities of New York, Boston, Philadelphia, Baltimore, Cincinnati, Washington, Norwich, Conn., Hartford, Conn., Indianapolis, Saint Louis, etc. Initiation fees vary from $1 to $10; annual dues from $5 to $40. The term of service required is thirty-five to forty years, or two to five years in case of disability. Allowances range from $5 a week to $600 a year, and $100 for funeral expenses in case of death. The temporary aid during illness is $5 to $6 a week. In Baltimore the fund is only

[1] For later legislation in Massachusetts, see pp. 131, 278, 279.

a retiring one, and not to be used for temporary illness. There is also a Teachers' Annuity Guild in Massachusetts.

The Saint Louis Teachers' Benevolent Annuity Association may be taken as an illustration. Nine hundred teachers belong, and are assessed 1 per cent. on their salaries. The fund amounts to $68,000, and in the last fiscal year the association paid out $7,755, consisting of annuities of $180 a year to 43 former teachers. The fund, in addition to the assessments, was augmented during the year by "a great public festival, held by members and participated in by children and their parents."

*Benefit Funds for Illness Only.*

These exist in Baltimore, Saint Louis, Cincinnati, Cleveland, Detroit, Chicago, Buffalo, San Francisco and Saint Paul. Initiation fee, $1 to $2; annual dues, $1 to $5; special assessments of $1 in some cases. Benefits range, in case of illness, from 50 cents a day to $10 a week; at death, either actual funeral expenses or $1 assessment on each member of fund.

In Philadelphia, a teachers' fund has just received a bequest from the late Mr. Elkins of $100,000.

Summary of Existing Legislation.

Ten States have statutory provisions in regard to teachers' retirement funds. In two of these, New Jersey and Maryland, there are State systems for the benefit of all teachers of the State.

Fifteen cities of more than 100,000 inhabitants have successful teachers' retirement funds in operation.

Twenty-five per cent. of all the public school teachers in the United States can, if they desire, participate in retiring allowance systems. The schools in which these teachers teach serve a population of 20,000,000.

## Appendix E.

### SAVINGS AND INSURANCE SYSTEMS OF THE FRIEDRICH KRUPP COMPANY.[1]

#### Life Insurance Association.

In 1877 the Friedrich Krupp Company established a life insurance association for the benefit of its employees, of which a full understanding will be of much practical value, since there would seem to be no intrinsic reason why such an association could not be established in the United States, at least by very large corporations. The association was established by the Krupp Company through a foundation subsidy of 50,000 marks, on which 5 per cent. interest is paid, whether this rate is earned or not. In the mean time, the original subsidy has increased, in 1908, to 115,000 marks.

The association has for its object the development of life insurance among its members, to facilitate the payment of premiums, and to obtain a reduction of cost. The association secured these advantages through a special agreement with eight representative German legal reserve life insurance companies, obtaining for itself the position of a general agency, with full powers to act in behalf of both the contractual companies and the members of the association. The association is a corporation in its own right, and is entirely separate and distinct from the Friedrich Krupp Company. The companies under agreement with the association grant the full first commission, and also the usual renewal commissions paid to the local general agency. In return for this concession the companies are granted the right, under certain restrictions, to canvass for insurance among the members of the association during working hours, while voluntary applications for insurance are referred to the companies in alternating order, to avoid discrimination in favor of one company against another. The association is a self-governing body, in which every member has at least one vote; but the voting privileges are

[1] This material is embodied in letters and reports made to the Prudential Insurance Company by its statistician, Mr. Frederick L. Hoffman, who made an extended personal investigation in Germany and Austria in 1909, for the purpose of obtaining accurate and conclusive information regarding government insurance in those countries.

so arranged that there is one vote for every 1,000 marks insurance, or for every 50 marks annual annuity. The pecuniary concessions to the association are equally divided, and one-half of the amount of the concession goes to the immediate benefit of the insured by way of premium reduction, while the other half goes to the funds of the association to be used for general purposes; this half, however, is made good by a subsidy of equal amount by the F. Krupp Company, so that the members obtain directly the full benefit of the concessions secured. In addition to this subsidy, the F. Krupp Company pays the annual expense of management, which during 1908 amounted to not quite 20,000 marks.

The direct benefits to members resulting from this association are as follows: —

1. During the first year of insurance, one-half of the agent's commission, which would otherwise be payable to the insuring company.

2. From the second year of membership, and every year following thereafter, a premium reduction of 8 per cent. for insurances up to 3,000 marks, a reduction of 6 per cent. for insurances from 3,000 to 9,000 marks, and a reduction of 4 per cent. for insurances of more than 9,000 marks. For 1909 and thereafter, however, the premium reductions will be 8 per cent. for insurances under 4,000 marks, 7 per cent. for insurances from 4,000 to 9,000 marks, 6 per cent. for insurances from 9,000 to 12,000 marks, and 4 per cent. for insurances of more than 12,000 marks. In case of sickness and absolute need, the members are entitled, after the facts have been carefully determined, to have their premiums paid out of the funds of the association, which, as previously stated, arise out of the reserved amounts secured by the concessions from the companies and the annual grants made by the Friedrich Krupp Company. Members also may obtain loans for personal needs in the manner that such loans are granted, in the first instance without interest, but for subsequent loans an interest rate of 3 per cent. must be paid. Such loans can be repaid in instalments. The payment of the premium is automatic by deductions from the salaries or wages paid. At the end of 1908 there were 7,215 policies in force with the association, for the sum of 17,025,000 marks.

(A) In other words, the life insurance association acts as a general agency for its members, who, however, must be employees of the firm of Krupp, but the scope of the association includes the wives and the children of the members. The latter, however, can only be insured up to their majority. The premiums must be paid in cash to the association, or they may (as is usually the case) be deducted in instalments from the pay of the employees. Almost without exception the wage-earning members have their premiums

in this wise deducted from their two-weekly pay. Through this arrangement a most valuable service is, therefore, extended to the insured, — far more valuable, indeed, than the mere reduction in the cost of insurance; but the aid of the association does not end here, for it includes all the transactions which may be necessary, obtaining surrender values or policy loans, as well as the payment of claims, and, I suppose, possible litigation with the insurance companies in case of dispute. Free and qualified technical advice is given in all insurance matters to the members through the officials of the association.

(*B*) The most popular forms of insurance selected are limited payment endowment policies. Practically no annuities have been applied for. On December 31, 1908, the association had been thirty-two years in existence, and during the year 1,289 new policies were written, for 3,296,269 marks, while 504, for 1,121,315 marks, were discontinued, leaving a net increase during the year of 785 policies, for 2,174,944 marks; so that on December 31, 1908, there were 7,215 policies, for 17,025,229 marks ($4,052,004.50), in force, or an average policy of 2,359.69 marks ($561.61). The premium payments made to the association during the year were 608,724 marks, and after deducting from this one-half of the value of the concession in premium reduction through the various companies of 19,266 marks, the association paid net to the insurance companies the sum of 589,457 marks. In addition, there was an increase of 6,838 marks in interest charges on policy loans. In the case of 626 policy loans an interest charge was made, and in 233 cases no interest charge was made. The net annual gain to the members of the association through the arrangement entered into with the different companies is given as 59,357 marks, or approximately 8.4 marks per member per annum.

The number of applications received during 1908 was 1,277, of which 62 were declined and 43 postponed. Of the applications accepted, 82, for 345,000 marks, were upon the lives of members' families. Of 1,277 applications, 1,243 were for endowment policies. The policies were nearly all participating, 363 being for uniform dividend reduction and 912 for increasing premium reduction. There were 14 applications accepted for non-participating policies.

By amounts of insurance, it appears that 416 applications were for 1,000 marks, 237 for 1,500 marks, 284 for 2,000 marks, 145 for 3,000 marks, 19 for 4,000 marks and 87 for 5,000 marks. For higher amounts, 14 were for 6,000 marks, 18 for 9,000 marks, 27 for 10,000 marks, 13 for sums of over 10,000 marks to less than 100,000 marks and 1 policy was for 100,000 marks, showing that all classes of employees participate in the beneficial arrangement, which it would seem should not be impossible in the case of large

concerns in the United States, and at the same time not prove detrimental to the interests of the active agency organization, since most of the insurance thus secured would in all probability not be otherwise secured.

Of the 504 terminations, 60 were because of death, 69 because of maturity, 105 because of surrender, 265 because the insured left the service of the company (it does not follow, of course, that the policies were lapsed, but they only passed out of the scope of the association), and finally 5 were not taken. Of those terminated by death, 2 had been forty-one years in force, 3 had been forty years, 1 had been thirty-seven years, 4, thirty-six years, etc.; while, of the total number of 60, only 2 had been less than one year in existence. Of the policies surrendered for cash, 31 had been less than one-quarter year in force, 15 had been half a year and 19 one year, which would make it clear that the surrendered policies were really returned premium cases, possibly because the policy holders left the employ of the firm.

The table below will show the distribution of insurance in force, by amounts, to illustrate that all classes of labor participate, and that, therefore, the system can be modified to meet a large variety of labor conditions.

Life Insurance in Force, Friedrich Krupp Company, December 31, 1908

| Amount of Insurance (Marks). | Number of Policies. | Aggregate Amount of Insurance (Marks). | Per Cent. |
|---|---|---|---|
| 300 or less, | 50 | 13,380 | .1 |
| 300–600, | 189 | 104,795 | .6 |
| 600–900, | 61 | 52,870 | .3 |
| 900–1,200, | 2,783 | 2,784,855 | 16.4 |
| 1,200–2,000, | 2,388 | 4,141,696 | 24.3 |
| 2,000–3,000, | 767 | 2,279,004 | 13.4 |
| 3,000–5,000, | 520 | 2,501,929 | 14.7 |
| 5,000–10,000, | 369 | 3,186,200 | 18.7 |
| 10,000–20,000, | 68 | 1,163,500 | 6.8 |
| 20,000–50,000, | 18 | 597,000 | 3.5 |
| 50,000–100,000, | 2 | 200,000 | 1.2 |
| Totals, | 7,215 | 17,025,229 | 100.0 |

In 1904 the scope of the work was extended to accident, liability, burglary and other insurance; but it would not seem necessary to go into the details, except to mention the fact that it has been found

practicable to enlarge the field of the association in this direction also.

During 1908 the association had a life insurance premium income of 608,724 marks and a total income of 1,102,168 marks, of which 20,882 marks were one-half the saving to the members in commissions which would otherwise have been paid to agents. The firm of F. Krupp gave the sum of 21,146 marks as a direct gratuity, and 6,757 marks as guaranteed interest. In the expense account there occurs an item of 7,311 marks as premiums paid for members unable to make their own payments, and 32,160 marks paid in premiums returned to members out of the general fund of the association. As far as it is possible to judge, 7,215 members saved through the association in 1908 the sum of 72,087 marks, or nearly 10 marks each; and, since the average premium payment was about 84 marks per annum per member, the net saving was over 10 per cent. The funds of the association are now 138,566 marks, of which 41,781 marks are in loans to the members. While it no doubt would be difficult to adapt such a plan in its entirety to American conditions, the system is certainly deserving of very careful consideration, as possibly (with necessary changes and modifications) the most practical solution of the so-called "group" plan of life insurance.

### The Savings System.

The savings system was established in its present form in 1900, and from 1,228 depositors the number had, by 1909, increased to 12,778, with total deposits of 5,792,316 marks, of which 4,241,961 marks remained on March 31, 1909. The deposits, of course, are voluntary, and made in amounts of not less than 1 mark; but they rest upon an agreement with the firm for the workmen to deposit a specific amount every pay day, which with the Krupp firm is every two weeks. Having agreed to make such a deposit, the amount is deducted from the wages or salary, as the case may be, in the same manner as deductions are made on account of government insurance. The depositors are divided into two classes, — those who receive wages and those who receive salaries; and the former may agree to save as much as 20 marks every two weeks, and the latter as much as 40 marks. The amounts saved are deposited with the City Savings Bank; but the firm agrees to pay 5 per cent. interest, which means that, since the banks pay only 4 per cent., the firm makes a subvention of 1 per cent., and of course when the bank rate falls to 3 per cent. or 3.5 per cent. the subvention is so much more.

In addition, the firm grants the further subvention of 1 per cent. of the whole amount on deposit at the end of the year, which is converted into a lottery fund for the benefit of the depositors. Each

depositor is entitled to one lottery ticket for each 25 marks, so that a man with 1,000 marks on deposit is entitled to 40 tickets. There is always one chief prize of 500 marks, one additional prize of 300 marks, one of 100 marks, and as many additional prizes of 50 marks each as the balance will furnish. Thus, for illustration, in 1909 44,650 marks were thus distributed, — one prize of 500 marks, one of 300 marks, one of 100 marks and eight hundred and seventy-five of 50 marks each. The object, of course, is to encourage the depositors to let their deposits remain, which is achieved to an unusual degree.

The underlying purpose is to attach the depositors to the firm; and, as an illustration of the advantages of this method of saving say 50 pfennigs (or about 12.5 cents) a week, they publish a table, which is posted in the works, according to which 1 mark deposited twenty-four times a year will, in ten years, amount to a fund of 308.20 marks, in twenty years to 810.75 marks and in thirty years to 1,629 marks; so that, in other words, a man beginning to save even as late as thirty-five years of age, can by this method, and largely because of the subsidy, accumulate quite a capital by age 65. Of course other firms have tried such a method, but few, if any, have been as successful; and this success lies chiefly in a very simple device, which may be applicable to the payment of insurance premiums through the employer, and in particular to the solution of the idea of group insurance.

It had been found that the men did not take advantage of the savings plan, and that they would not take the trouble to fill in blanks or forms provided for the purpose; and it was therefore suggested by one of the employers that the pay envelope be used for the twofold purpose of announcing an intention to save, and of bi-weekly rendering an account of the savings deducted from the pay.

The back of every pay envelope, therefore, has for some years contained a brief explanation of the savings plan, and the words, "The undersigned desires to participate in the savings fund of Friedrich Krupp, and hereafter on every pay day marks shall be deducted from my pay." Then follows the name, the number of the employee, the branch of the industry and the address. This envelope is then put by the workman in a box, of which one is provided at every entrance gate to the works, and the contents of which are systematically collected through the porter at the gates. They are then sent to the savings bureau, and by a single entry on the pay roll the amounts deducted from the pay are accounted for. Thus by using the pay envelope the first and absolutely necessary step to make application to the fund is secured.

The application having been made and the savings having com-

menced, every following pay day the front of the pay envelope contains the correct account of the firm with the depositor. This account is already in use in any event, because of the government insurance and voluntary pension system, and, for illustration, would read: Wages for period of two weeks ending M. ; deductions for coal (furnished at cost), M. ; for advance, M. ; for sickness insurance, M. (2.6 per cent. of the wages up to 5 marks a day); for the compulsory pension fund, M. (2.5 per cent. of the wages up to 6.5 marks a day); for invalidity insurance, M. ; for fines, M. ; for life insurance (for the firm has a special life insurance system . . .), M. ; and, finally, for savings deposits, M. . Of course all these items involve some clerical labor, but the matter is quite simple in practice, and the workmen fully understand it.

On December 31, 1908, of all the wage earners of the firm, 37.5 per cent. were savings bank depositors under this plan, and of all the small salary earners (monthly pay), 59.1 per cent. The savings bank department is also used by the workmen as a general bureau of information regarding all kinds of questions, but in particular insurance, savings and investments; and the correspondence on file shows conclusively that a most kindly feeling of appreciation exists on the part of the workmen toward the firm. The following are the results by single years: —

Savings Fund of Friedrich Krupp Company, 1900–09.

| Years. | Number of Depositors. | Total Deposits (Marks). | Interest Earnings (Marks). | Interest Additions by Firm (Marks). | Total (Marks). |
|---|---|---|---|---|---|
| 1900–01, . . . | 1,228 | 129,876.90 | 1,556.66 | – | 131,433.56 |
| 1901–02, . . . | 2,146 | 392,022.53 | 6,839.87 | 1,314.04 | 400,176.44 |
| 1902–03, . . . | 3,234 | 727,743.41 | 13,214.37 | 4,200.13 | 745,157.91 |
| 1903–04, . . . | 4,737 | 1,163,388.28 | 21,151.47 | 7,700.49 | 1,192,240.24 |
| 1904–05, . . . | 6,981 | 1,925,721.31 | 36,279.82 | 13,535.07 | 1,975,536.20 |
| 1905–06, . . . | 9,114 | 3,067,115.80 | 58,958.25 | 21,612.15 | 3,147,686.20 |
| 1906–07, . . . | 10,746 | 4,274,221.47 | 85,275.41 | 31,334.18 | 4,390,831.06 |
| 1907–08, . . . | 11,333 | 5,171,449.32 | 119,840.52 | 28,781.74[1] | 5,320,071.58 |
| 1908–09, . . . | 12,778 | 5,792,316.74 | 146,294.18 | 27,923.91 | 5,966,534.83 |

[1] The City Savings Bank raised the rate of interest for deposits, dating from August 1, 1907, from 3.5 per cent. to 4 per cent.

| Years. | Amounts withdrawn (Marks). | Amounts remaining (Marks). |
|---|---|---|
| 1900–01, . . . . . | 24,891.23 | 106,542.33 |
| 1901–02, . . . . . | 113,270.03 | 286,906.41 |
| 1902–03, . . . . . | 224,426.63 | 520,731.28 |
| 1903–04, . . . . . | 326,953.93 | 865,286.31 |
| 1904–05, . . . . . | 511,289.40 | 1,464,246.80 |
| 1905–06, . . . . . | 901,222.73 | 2,246,463.47 |
| 1906–07, . . . . . | 1,338,534.74 | 3,052,296.32 |
| 1907–08, . . . . . | 1,739,968.04 | 3,580,103.54 |
| 1908–09, . . . . . | 1,724,572.86 | 4,241,961.97 |

In addition to the savings facilities made available to wage earners, the company extends somewhat similar privileges to salaried employees, and, all in all, some 30,000,000 marks, or about $7,500,000, were on deposit in 1909, accumulated during the fifty years since a savings fund on general principles has been established. But in the larger fund the deposits must be at least 200 marks to begin with. The average deposit is about 1,900 marks for wage earners and 4,200 marks for salaried officers and clerks. The interest guaranteed by the company is 5 per cent., the same as fifty years ago. The funds are invested in government securities earning 3.5 per cent., so that the firm makes a material addition to the interest accumulation on the deposits. About 7 per cent. of the depositors in this class receive premiums through the lottery in amounts of from 50 marks to 500 marks each year, which is a much larger percentage of prizes than in lotteries generally, which is about 4 per cent. The cost of administration is about ¾ of 1 per cent. of the amount on deposit. There is quite a clerical staff of at least a dozen persons required on account of the large number of small transactions. The work of the savings department is absolutely confidential, so that not even the board of directors can learn the amount on deposit to the credit of the workmen or officials. The proportion of wage earners who save by this method is 38 per cent., and of salaried employees 60 per cent. of the total at work. It has been estimated that three-fourths of these savings would be wasted were it not for the fund; and the success is claimed to be due solely to the method used, rather than to the very liberal attractions offered by the firm. Annually a brief account is rendered to each depositor by the firm in the form of a card, which shows the amount on deposit at the end of the previous year. The method could neither be more simple nor more effective, businesslike, and within the intelligence of the most humble class of labor.

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